

FINANCIAL TIMES

US and Germany

Signs of trans-Atlantic indifference

Page 2



Ballet in Paris

Unrelenting downpour of lumpen choreography

Arts, Page 15



Mexico

Is the peso due for a correction

Page 5



FT WEEKEND

How the east was won

TOMORROW

World Business Newspaper <http://www.FT.com>

FRIDAY JULY 4 1997



Philips in moves to reduce stake in ailing Grundig

Philips, the Dutch electronics group, has begun talks with investors about reducing its stake in Grundig, the troubled German consumer electronics group. Analysts saw this as confirmation that chairman Cor Boonstra wants a swift end to Philips' costly relationship with Grundig. When he took over last October he promised to purge the "bleeders" from the organisation. Page 19

German factory orders slips: German industrial orders fell by 0.8 per cent in May from the previous month to end a four-month run of gains. But comparing the latest two months with the previous two showed a strong gain of 4 per cent, the economics ministry said. Page 2

Chernobyl shutdown in doubt: The long-awaited closure of the Chernobyl nuclear power station in Ukraine could be delayed by a decision of the European Bank for Reconstruction and Development to put off granting funds for substitute nuclear plants. Page 3

Finns block Russian truckers: Finnish customs officers, retaliating for similar Russian moves, have been stopping all trucks made up of a Russian tractor hauling a foreign-registered trailer. The decision came a day after Russia began halting Finnish trucks with non-Finnish trailers, and is the latest in a catalogue of unexplained tariffs and other arbitrary measures introduced at the Russian border. Page 18

GE Capital, the US consumer finance group, announced a tie-up with the financial affiliate of Sakura, one of Japan's largest banks, to promote credit cards and other consumer finance products in Japan. The move is the first of its kind in Japan's rapidly expanding consumer credit-card sector, GE Capital said. Page 19

Japan imports more car parts: Japan's carmakers bought more foreign-made parts in the last fiscal year, according to its Automobile Manufacturers' Association. Parts purchases from the US rose by 8.1 per cent to \$22.7bn, while those from Europe rose by 5.2 per cent to \$5.9bn. The increase is likely to be welcomed by Japan's trading partners. Page 4

Albania march draws fire: Gunfire punctuated a march of several hundred demonstrators in Tirana, led by Albania's self-declared King Leka, wearing a military uniform with a grenade and pistol strapped to his belt. The monarchists said one of their men was killed and several wounded when security forces opened fire. Page 3

Botnar gives £25m to charity appeal: Former Nissan UK chief Octav Botnar, left, who is now a fugitive from British justice in Switzerland, has donated \$25m to the Nuffield Orthopaedic Centre Appeal in Oxford in memory of his daughter Camelia who was killed in a road accident more than 30 years ago.

UK insurers need EMU systems: A survey says most UK insurance companies are ill-prepared for European monetary union and will lose business unless they invest in systems that can handle transactions in the single currency. Page 5

Tennise: Germany's Boris Becker said he would not play again at Wimledon after losing to Pete Sampras of the US. Sampras faces Australian Todd Woodbridge in one semi-final and Germany's Michael Stich plays Cedric Pioline of France after they easily defeated British hopes Tim Henman and Greg Rusedski, respectively.

FT.com: the FT web site provides online news, comments and analysis at <http://www.FT.com>

STOCK MARKET INDICES

New York: Dow Jones Ind Av ...	7,072.08	(+77.59)
Dow Jones Comp ...	1,457.61	(+12.0)
London: Financial Times 100 ...	2,303.98	(+27.53)
Day ...	3,057.39	(+32.53)
FTE 100 ...	4,831.7	(+80.3)
Nikkei ...	20,214.1	(+75.0)

US LUNCHTIME RATES

Federal Funds ...	5.7%
3-month T-bills YM ...	5.13%
Long Bond ...	10.2
Yield ...	6.812%

OTHER RATES

US 3-month Interbank ...	7.1%	(5.1%)
US 10 yr GM ...	9.8	(10.1%)
France 10 yr OAT ...	9.57	(9.78)
Germany 10 yr AGB ...	10.25	(10.25)
Japan 10 yr JGB ...	10.4709	(10.4727)

NORTH SEA OIL (Argus)

Brent Dated ...	\$18.19	(18.825)
DM ...	2,945	(2,859)

STOCK

MARKET INDICES

GOLD

New York: Comex July ...

London: Gold ...

Paris: Gold ...

Frankfurt: Gold ...

London: Gold ...

NEWS: EUROPE

Ruling on Fiat chief set to create an important precedent on protection of privacy

Italy's new watchdog bites media

By Robert Graham in Rome

Italy's media have been sharply censured by a newly created watchdog for abusing the right to privacy of Mr Cesare Romiti, head of Fiat, the country's largest private company.

The call to order on the intrusive behaviour of the media is expected to create an important precedent for protecting an individual's privacy. It comes a week before representatives of the national association of journalists are due to discuss a new code of media conduct with Mr Stefano Rodotà, the international jurist who heads the three-month-old authority monitoring privacy issues.

The Romiti case involves the publication, before he himself had been formally notified, of informa-

tion that he was due to be questioned by Turin magistrates about alleged falsification of the group's accounts. The news was carried by newspapers and television on June 15 but only arrived in the offices of Mr Romiti's lawyers on the afternoon of the following day.

The lawyers filed a complaint arguing that the leak flouted judicial secrecy and harmed Mr Romiti, especially as it came on the eve of Fiat's annual meeting. The watchdog this week upheld the complaint as falling within the terms of a privacy law introduced in May requiring information to be published in a "lawful and correct way".

This implies no sanction, but the fact that the complaint involves one of Italy's best known business figures has given added impact to

tha decision. The watchdog can impose fines if offences are repeated, and failure to comply with the privacy law carries a penalty of up to three years' jail.

"At present our main aim is to establish a climate where a set of rules are understood and our main instrument in this is moral suasion," said Mr Rodotà.

In an attempt to head off protests from journalists over muzzling the media where key public figures were involved, he pointed out that the Romiti ruling did not mean the news could not be published. It was a question of waiting until after the Fiat chief had received it himself. However, several prominent journalists believe it is hard to regulate the timing of news about prominent figures that is anyway due to be made public.

This kind of privacy issue has been especially sensitive since 1992 when Milan investigative magistrates started unearthing corruption scandals involving politicians and businessmen. To give momentum to the investigations the magistrates consistently fed sensitive and damaging information notionally covered by court secrecy before the individuals concerned had been informed.

This technique was recognised as a gross abuse of the rights of privacy. But the press justified its connivance with the magistrates on the grounds of public interest - exposing the corrupt workings of the political and business elite. Those who protested loudest against the abuse were usually people already discredited who enjoyed little public sympathy.

Mr Rodotà's brief began in March and embraces the full range of privacy and data protection issues. For instance, this week he also censured the media for publishing personal details of a child who committed suicide. In future, the media will be expected to refrain from giving any personal details where minors are involved in crime.

More than 200 cases have been referred to Mr Rodotà. One of his first rulings was to order the Banco Nazionale di Lavoro to withdraw a letter sent to its 3.2m clients which contained threatening language regarding any failure to divulge the personal data required. "There was no sanction on the bank but we understand the withdrawal of the letter and reprinting a new one will involve considerable cost," he said.

Brussels 'spread confusion' over beef

By Sander Thoenes in Brussels and Barbara Smit in Amsterdam

The European Commission took Britain to task yesterday for failing to enforce a beef export ban but was chided in turn by member-states for sowing confusion over a load of smuggled meat.

A Commission spokesman said that 1,600 tons of UK beef had been exported to the Netherlands and partly re-exported to Russia and Egypt via France and Spain. He denied reports, fuelled by contradictory statements by Commission officials on Wednesday, that some of the beef had reached consumers in France, Spain, Portugal or Italy.

The Commission imposed a ban on exports of UK beef last year on the grounds that "mad cow" disease could otherwise spread to continental Europe. An inspection by Commission officials at British customs found last week that "export controls were manifestly inefficient", the spokesman said.

He added that the Commission was considering launching infringement procedures against the UK at the European Court of Justice in Luxembourg.

The spokesman said that the beef had reached the Netherlands labelled as Belgian, but investigators had found British stamps.

A spokesman for a local Dutch prosecutor's office said authorities had confiscated 700 tons of UK beef at the port of Vilvoorde in April and another 200 tons in Rotterdam in June. Dutch authorities had informed the Commission in April but had not obtained confirmation of the origin until last week, he said.

Limited news of the beef seizure was released last Wednesday, when the Court of Justice started reviewing a UK appeal against the ban. An official at the Russian mission in Brussels said the Commission had never informed Moscow that UK beef might have been sold in Russia months ago.

After one commissioner said on television on Wednesday that UK beef had been re-exported from Belgium to Spain, the Spanish government imposed checks on imports from Belgium for several hours. "The Commission did not give us any information," said a Spanish spokesman in Brussels. "It created a lot of confusion."

Cloud over US-German relations

Bonn and Washington find little to celebrate on July 4, writes Peter Norman



I just won't wear it: Helmut Kohl embraced Bill and Hillary Clinton in Denver but refused to don western gear and bristled at US advice on how to run the German economy

Photo: AP

The US embassy in Bonn, like US missions around the world, will play host today to local political leaders and the diplomatic community to mark the 221st anniversary of US independence. But for the second year running there will be no US ambassador to hear the US army band strike up the "Stars and Stripes".

While Bonn is not unique among America's allies in lacking a US ambassador, the gap of more than a year since Mr Charles Redman, the previous incumbent, quit to pursue a business career has accentuated concerns that relations between Washington and the European Union's biggest membership are not as good as they should be.

It was inevitable that the momentous changes since the collapse of communism should affect US-German relations. The terms of reference have changed since 1990," explains Mr James Bindenagel, chargé d'affaires at the US embassy in Bonn. "A united Germany and the United States find themselves trying to redefine their positions."

"There has not been the glue of the Soviet threat since the end of the cold war," observes Mr Franz-Josef Meiers, a security expert at the German council for foreign affairs in Bonn. "There is a danger that normalisation is leading to indifference."

Mr Klaus Kinkel, Germany's foreign minister, aired his concerns about an "erosion" of the transatlantic partnership at a Marshall Plan ceremony in Bonn last month. "Talk of the end of an unfettered transatlantic relationship is to be taken seriously," he said.

Last month's eight-nation summit in Denver, and the subsequent United Nations General Assembly meeting on global warming in New York, were not good advertisements for US-German ties. The US irritated Chancellor Helmut Kohl by lecturing Bonn about the need to reform its economy at the

Denver meeting, and later by failing to pledge action to cut emission of greenhouse gases.

Those meetings followed a year of bilateral spasms in which Bonn has differed with Washington over relations with Iran, trade with Cuba and the forced repatriation of a small number of refugees from Germany to Bosnia. In addition, Mr Kohl and his ministers were criticised by US Hollywood entertainers for their restrictive policies towards the Scientology sect.

Mr Meiers sees problems arising from the different

implications of globalisation for economic and security policies in the US and Germany. Although the US has a vital interest in Europe, it also has concerns in Asia, Latin America and Africa. Germany's preoccupations are more parochial, and its conscript army is a sign that it is not prepared to look at security issues far beyond its own borders, he says.

Among Bonn politicians, there is especial concern about the weakening of political and cultural ties between Germany and the US. "There are hardly any visits to Germany by US par-

liamentarians," says Mr Klaus Francke, a member of Mr Kohl's Christian Democratic Union and chairman of the Christian Democratic group in the North Atlantic Assembly. "There is a new generation of US politicians who have neither historical nor personal ties with Germany, while we have treated US-German relations as business as usual for too long. We need to make bigger efforts to make contact with Congress and arouse their interest."

Mr Bindenagel says the US has been working hard to get congressmen and cabinet members to visit Germany. Although US-German relations are "increasingly complicated, deeply intertwined and with occasional conflicts of policy, they are fundamentally sound," he says.

Mr Kinkel, too, has voiced optimism that the 56m Americans of German origin, the 15m Americans who have lived in Germany as soldiers or dependents, and the tourists travelling both ways across the Atlantic constitute "solid foundations" for the further development of German-US ties.

Meanwhile, one bilateral irritation may be resolved soon. Mr John Korabkin, a career diplomat of German descent and an expert on Germany, has been designated ambassador to Bonn amid hopes that he will be able to take up his post in August. Although too late for Independence Day, he will be in plenty of time for Thanksgiving.

Renault deal with unions

By Andrew Jack in Paris and Emma Tucker in Brussels

Renault, the French car manufacturer, has concluded an outline agreement with its unions on the fate of more than 2,500 workers at its Vilvoorde factory in Belgium.

Discussions continued yesterday for more than 500 other salaried staff, as terms were negotiated to ensure no employees were forced into redundancy.

Renault said that 522 workers aged at least 48 would be placed into early retirement programmes, in addition to 91 who have already left since the end of February. A further 400 will remain on the Vilvoorde site, to be employed by other Renault businesses.

The decision was reached amid recriminations from some Socialist and Communist members of France's ruling coalition, who accused the government of Mr Lionel Jospin of failing to halt the plant's closure.

Mr Jean-Luc Dehaene, the Belgian prime minister, has also criticised Mr Jospin for "falsely" raising the hopes of Vilvoorde's 3,100 workers.

Mr Jospin declared that he had fulfilled his election

pledges by re-examining the case without promising to prevent its closure.

So far Renault has identified 260 jobs in France to which staff at Vilvoorde will be able to transfer. All remaining workers will be placed in a unit designed to provide retraining and transfers within the group, or outplacement assistance.

The car manufacturer has also agreed a package of special payments, which will last for between two and five years, depending on the age of staff.

It also stressed it was continuing to seek a potential purchaser for the Vilvoorde plant.

Mr Karel Gacoms of Belgium's FGTB socialist union, said that no serious differences remained between the union's claims and the management's proposals.

The proposals will be formally presented to staff at the start of next week.

Separately, a French court ruled yesterday that Renault could not go ahead with a redundancy plan at its Rennes headquarters in Brittany and would have to freeze it until it pressed on.

The court ruled that Renault had not properly consulted workers about its plans.

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Single market drives motor industry changes

By Haig Simonian, Motor Industry Correspondent

The European single market has prompted profound changes in the motor industry from the assembly line to the showroom, but improvements to manufacturing and buying procedures remain impeded by the lack of a single currency.

These changes followed a year of bilateral spasms in which Bonn has differed with Washington over relations with Iran, trade with Cuba and the forced repatriation of a small number of refugees from Germany to Bosnia. In addition, Mr Kohl and his ministers were criticised by US Hollywood entertainers for their restrictive policies towards the Scientology sect.

Among Bonn politicians, there is especial concern about the weakening of political and cultural ties between Germany and the US. "There are hardly any visits to Germany by US par-

liamentarians," says Mr Klaus Francke, a member of Mr Kohl's Christian Democratic Union and chairman of the Christian Democratic group in the North Atlantic Assembly.

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This plan is likely to have to wait until after July 15. Under it, 520 of Clabeq's 1,800 workers will get a job in the new company, albeit on less favourable terms.

Christopher Bobinski, Warsaw

Clabeq unions back sale

Unions at the bankrupt Belgian steel company Forges de Clabeq have approved its partial takeover by the Italian-Swiss group Dufurco, Belgium's RTBF radio said yesterday.

"It is good that there is a take-over plan and I am happy the four unions agree on it," a union leader told RTBF. Mr Roberto Grossi, Dufurco director, said: "This is a major step forward."

The plan will be presented to Clabeq workers, who must vote on it before July 15. Under it, 520 of Clabeq's 1,800 workers will get a job in the new company, albeit on less favourable terms.

Reuter, Brussels

UK supports US Nato stance

Britain yesterday signalled support for the US desire to limit the first wave of Nato expansion to Poland, Hungary and the Czech Republic. Other European members of the alliance favour wider enlargement, including Romania and Slovenia. Mr George Robertson, the UK defence secretary, warned that Nato's decisions had to be "based on its security needs, not on posturing". Nato membership "cannot be a substitute for EU membership."

Launching the government's strategic defence review at a seminar with Mr Robin Cook, the foreign secretary, he spelt out key UK criteria for admitting new members:

"Will it contribute to stability and security in Europe, particularly in the context of our future relationships with Russia? Will it maintain or dilute the alliance's military effectiveness? Will it be cost effective, bearing in mind that the bigger the expansion the bigger the bill?"

Edward Mortimer, London

German police accused

German police officers, often driven by racism, are beating up foreigners as part of a "worrying pattern" of brutality, Amnesty International claimed yesterday. The human rights organisation also accused German authorities of failing to curb the problem and said investigations into charges of police abuse had often been slow, biased and sloppy.

More than 40 new reports of police mistreatment since its last survey in May 1995 confirmed that there was "a clear pattern of abuse", Amnesty said. The new report said the vast majority of victims were foreigners and members of ethnic minorities.

AP, Bonn

Industrial orders slip

German industrial orders fell by 0.8 per cent in May compared with April, ending a four-month run of gains. But comparing the latest two months with the previous two showed a strong gain of 4 per cent, the economics ministry said yesterday. May's dip in orders followed a jump of 3.7 per cent in April.

Compared with a year earlier, new orders were still up by 5.9 per cent in May after a 7 per cent increase in April. The ministry said the fall reflected the end of a series of big industrial orders which had boosted figures

between January and April. The industry orders data followed the release on Wednesday of May production figures also showing a slight monthly fall of 0.2 per cent.

Also yesterday, the Ifo economic institute said investment by western German manufacturing industry was expected to rise by a nominal 4 per cent this year and by just under 4 per cent in real terms.

Reuter, Bonn

Belgium's unemployment rate was 12.6 per cent in June against 12.5 per cent in May and 12.8 per cent a year earlier.

■ Spanish producer prices rose 0.1 per cent in May from April, and were up 0.6 per cent from a year earlier.

Breakthrough on Caspian pipeline plan

By John Thornhill in Moscow

Russia and Chechnya are expected to sign a deal soon securing the strategic pipeline which runs between the Caspian and Black Seas and accelerating the exploitation of the massive oil reserves under the Caspian.

Mr Sergei Kiriyenko, Russia's first deputy energy minister, said a delegation from Chechnya could come to Moscow as early as today to sign the agreement. "The Russian side is pre-

pared for this," he said. The breakthrough in the talks between Russia and the separatist republic appears to have been brokered by Mr Haydar Aliyev, the president of Azerbaijan and former Soviet politburo member, who has been on his first state visit to Moscow this week.

Earlier, Mr Aliyev had held talks with Mr Aslan Maskhadov, the Chechen president, in Baku, capital of Azerbaijan, in an attempt to secure the route for the early export of Cas-

pian Sea oil. Chechen officials said they were hopeful Mr Aliyev would support their cause in Moscow and help win important financial

NEWS: EUROPE

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Blood flows at 'royal' Albania rally

By Guy Dimmore in Tirana

In military uniform, with a grenade and pistol strapped to his belt, Albania's self-declared King Leka yesterday marched several hundred supporters down Tirana's Boulevard of Martyrs to a protest rally - where security forces opened fire.

Witnesses said one man fired a pistol into the air as a crowd gathered outside the central electoral commission to protest against what they said was manipulation of the results of last Sunday's referendum on restoring the monarchy.

Security forces then opened fire with automatic weapons, apparently into the air to disperse the demonstration. Monarchs replied with Kalashnikovs and said one of their supporters had been killed and several seriously wounded. Blood ran down the steps of the Palace of Congress.

Fears of a military take-

over swept the capital this week after Mr Berisha ordered his presidential guard to secure the city and the central bank. Mr Bashkim Fino, Socialist prime minister of the interim government of national unity, countermanded the orders and said he had full control of the situation.

"Pick up your arms. Take your arms and fight for Albania. Death and victory," replied the crowd, singing an Albanian folk song as they set off.

The gunfire added to tension in Tirana. Albanians are anxiously waiting to see if the Socialists, heirs to the old Communist party, will enjoy a smooth transition to power after their victory over President Sali Berisha's rightwing Democrats in general elections held at the same time as the referendum last Sunday.

Many fear Mr Berisha's Democrats, who had an electoral alliance with the monarchist Legality Movement, are trying to foment unrest among royalists with the backing of some of the presidential guard.



Albania's self-proclaimed King Leka, surrounded by supporters and bodyguards, leads a protest march by monarchists in central Tirana yesterday

Spain is forced to mark time in Nato

Next week's landmark Nato summit will be the biggest international meeting Madrid has ever hosted, but it is already clear that it will deliver less than the Spanish had hoped.

Mr Javier Solana, Nato's Spanish secretary-general, says the success of the meeting - marking the alliance's opening to central and eastern Europe - is "guaranteed". But, in addition to starting the entry process for former members of the Warsaw Pact, Nato's old adversaries, the summit was also supposed to agree a new structure of military commands for the alliance, integrating Spain fully for the first time. To the frustration of Spain's centre-right government and its defence establishment, that part of the agenda for a new Nato is not ready.

France's plans to rejoin the alliance's military wing after three decades' absence are now on hold, following the recent change of government. They are, in any case, stuck over disagreement with the US on whether a European instead of an

American officer should hold the Naples-based southern command, which includes the US 6th fleet. Since the cold war ended, this has become Nato's main operational "theatre".

The Spanish say they support the French case. But they have more pressing concerns of their own. A new map for Nato "sub-regional" headquarters - the next rung down - has still to be agreed, including the limits of a planned new south-western (that is, Spanish) command.

Complications over Spain's incorporation have been the subject of delicate discussions with the US, Portugal and Britain.

Spain was the last country to join Nato 15 years ago - the only new member since the 1950s. But, after joining, it spent the first four years dithering about whether it really wanted to be in, and the next decade had only one foot through the door.

First the Socialists, who opposed entry, came to power. Mr Felipe Gonzalez, as prime minister, pressed ahead with what he now calls a "stupid referendum". By the time it was held, his government was firmly in favour of staying in, but nearly lost the vote.

The referendum set conditions for continued membership: no nuclear weapons in Spain; fewer stationed US personnel; and no participation in the military structure. But an independent military stance made less sense for Spain than for France, with its big defence effort and its own nuclear weapons. Spain, in contrast, has the lowest defence expenditure as a share of gross domestic product of any Nato country except Luxembourg - 1.5 per cent.

To practice, the Spanish have participated in Nato activities more than the French: for instance, in defence planning and nuclear policy meetings.

At the same time, Spaniards have shed their complexes about Nato. Last November, parliament voted overwhelmingly to join the military structure, with the Socialists in support. The decision was pegged to the creation of a new Nato set-up, smaller and more flexible, with Spanish officers given suitable jobs. But it left touchy questions to resolve.

The first involves the Canaries. Island MPs, whose support the government usually counts on, abstained from the Nato vote, demanding guarantees that the archipelago would be under Spanish command.

Spain has secured this in principle, but also wants control of a sea corridor linking the islands to the mainland. The demand fits in with the Spanish military doctrine of a "geo-strategic continuum" from the Canaries to the Balearic

islands, through Gibraltar Strait - an axis considered vital both as both the gateway to the Mediterranean and as a flank facing North Africa.

This complicates matters for Nato and the division of tasks between its Atlantic and European commanders. The zone is now in the patch of a regional command, Iberian, based at Oeiras near Lisbon, reporting to the supreme Atlantic commander (Saciant) in Norfolk, Virginia. But the planned Spanish command, including the Canaries, would come under the Naples headquarters, subordinate to the Belgian-based supreme European commander (Saceur).

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under orders from a British colony which it claims as its own territory.

Nato's planned streamlining nearly overcomes this by doing away with so-called "fourth-level" commands, Gibraltar included. But Britain insists on Spain first lifting restrictions on military movements, which it sees as an anomaly inside Nato. At present, military aircraft may not fly over Spanish territory en route to or from Gibraltar, nor may warships sail directly between Gibraltar and a Spanish port.

Madrid has indicated its willingness to drop most of the restrictions. Officials say policy is not to make a Nato issue out of a bilateral dispute. But allied diplomats see Spain trying to keep its ammunition while it pursues other demands.

Mr Jose Maria Aznar, the prime minister, may make a formal declaration at the summit of Spain's plans for joining the Nato mainstream. But he will want some minimum conditions to be met first.

Europa, Page 16

Risk of delay in Chernobyl shut-down

By Sander Thoenes in Brussels

The long-awaited closure of the Chernobyl nuclear power station in Ukraine could be delayed by a decision of the European Bank for Reconstruction and Development to put off granting funds for substitute nuclear plants.

EBRD officials said its member states had agreed last week that doubts about whether the \$1.2bn project met the bank's least-cost criteria should be resolved by carrying out new feasibility studies. These would focus on funding one substitute plant first and on alternative options such as fossil fuel plants or energy saving measures.

They admitted that the studies were unlikely to support funding for two power plants.

Ukraine has said it will

in the US, Germany and France, which, faced with a collapse in demand for nuclear power plants in their own countries, are eager to win contracts for the new Ukrainian reactors.

Last February, however, an independent study for the EBRD concluded the project did not meet the bank's least-cost criteria because it was based on "unrealistic" assumptions about a rise in fossil fuel prices and demand for electricity in Ukraine. The country's largest energy consumers are obsolete defence and heavy industries which have all but shut down for lack of demand.

Mr Steve Thomas, a researcher for the group of economic experts who reviewed the project, said overcapacity in energy production would enable Ukraine to shut down Chernobyl by 2000 without serious consequences.

Some bank directors feared that the big member states would insist on waiving the bank's obligation to abide by the study or simply ease its definition of least cost. Mr Jacques de Larosiere, the bank president, had opposed any easing of the requirements, fearful of undermining the bank's triple-A credit ratings as a cautious lender.

However, the bank's member countries have now agreed that the EBRD should stick to its rules.

Furthermore, the bank directors have yet to consider safety concerns raised by the Austrian government. European MPs and some of the nuclear safety experts hired by the European Commission. A European Union official said, however: "I can't see what we can do better than this. We have only two alternatives. They complete the project with our safety level and control and they close Chernobyl. Or they complete it with their safety level and control and without closing Chernobyl."

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HICCALAND US\$ 250,000,000 Arranger and Agent	JAPAN FINANCE CORPORATION FOR INDUSTRIAL EXTENSION NLG 300,000,000 5.75% Bonds 1997 due 2007 Borrower	CHINA CHONGMING LAND & INVESTMENT CO. HKS 1,528,222,500 Placement of HK\$ 300,000,000 shares at HK\$ 5.375 per share Lead Manager and Bookrunner	LAKE DEVELOPMENT COMPANY LIMITED HK\$ 1,980,000,000 Placement of HK\$ 1,000,000,000 shares at HK\$ 1,980 per share Bookrunner and Lead Manager	KOMRAGAS PATHOLOGY LTD. NLG 150,000,000 Securitised Loan Facilities Arranger and Agent	LIBERTEL NLG 400,000,000 Term Loan Facility Arranger and Agent	NEW LEAD LTD LTD US\$ 49,763,955 Project Finance Facility Arranger	PolyGram US\$ 300,000,000 Second Film Financing Facility Arranger
ING US\$ 160,000,000 Trade Finance Facility Arranger and Agent	ASSOCIÉE DE DÉVELOPPEMENT DU CÉGEQ FRF 300,000,000 Caisse Pré-Expert Facility Arranger and Agent	WHC US\$ 85,000,000 7.75% Senior notes due 2006 Arranger	WALKERS LTD. NLG 400,000,000 5.875% Subordinated Bonds 1996 due 2003 Bookrunner	JOHN DEERE & COMPANY LTD. US\$ 200,000,000 3% Convertible Bonds due 2003 arr. price 1995 Financial Advisor and Global Co-ordinator	VALARIA HOLDING CORPORATION US\$ 117,000,000 International placement of 33,100,000 shares Sole Agent	INVESTMENT HOLDINGS LTD. US\$ 200,000,000 Fixed Rate Notes Lead Manager	Coca-Cola AVANTIL CZK 2,000,000,000 Commercial Paper Programme Issuing and Paying Agent
ING NLG 200,000,000 5% Bonds 1996 due 2006 Bookrunner	PTBA BANK VENEZUELA SA US\$ 83,000,000 Short Term Offering Global Co-ordinator	bluewater US\$ 198,000,000 Project Finance Facility Arranger	THAI CARS LTD. US\$ 250,000,000 Sprint Financial Fixed Rate Notes Arranger and Local Manager	CH. WESTLAND/Utrecht NLG 5,000,000,000 Euro Medium Term Note Programme Arranger and Dealer	PHILIPS US\$ 163,000,000 Initial Public Offerings Global Co-ordinator	PHILIPS US\$ 150,000,000 Multi-Country Dual-Currency Export Securitisation Programme Arranger	AEG NOBEL NLG 300,000,000 5.75% Bonds 1996 due 2006 Bookrunner
ING NLG 200,000,000 5% Bonds 1996 due 2006 Bookrunner	PTBA BANK VENEZUELA SA US\$ 83,000,000 Short Term Offering Global Co-ordinator	bluewater US\$ 198,000,000 Project Finance Facility Arranger	THAI CARS LTD. US\$ 250,000,000 Sprint Financial Fixed Rate Notes Arranger and Local Manager	CH. WESTLAND/Utrecht NLG 5,000,000,000 Euro Medium Term Note Programme Arranger and Dealer	PHILIPS US\$ 163,000,000 Initial Public Offerings Global Co-ordinator	PHILIPS US\$ 150,000,000 Multi-Country Dual-Currency Export Securitisation Programme Arranger	AEG NOBEL NLG 300,000,000 5.75% Bonds 1996 due 2006 Bookrunner

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ING BARINGS

NEWS: WORLD TRADE

Companies three times keener to relocate in Czech Republic than any EU country

German machine groups opt for east

By Peter Marsh in London

German machinery companies are more than three times keener to relocate production to the Czech Republic than they are to any European Union country, according to a survey by the VDMA, the German plant and equipment manufacturers' association.

The US, China, Poland, Hungary and India all come higher up the list of the places where German companies wish to transfer production than the next placed country in the EU, which is Italy, the survey says.

The survey provides fur-

Preferred location	Number of companies voting for each location
Czech Republic	50
USA	48
China	34
Poland	28
Hungary	24
India	20
Italy	14
Britain	11

ther evidence of the move by German manufacturers to switch production to other countries, both to escape high labour costs and rigidities over plant operating hours, and also to move

closer to expanding markets. Germany's machinery industry is the biggest in Europe and one of the country's most powerful economic drivers. It has annual sales of some DM230bn (\$135bn) and employs almost 1m people.

According to the study, which was conducted jointly with the University of Mannheim, the industry expects to create 135,000 jobs abroad over the next few years. The direct impact of these foreign plants will reduce employment in Germany by 32,000.

But the survey also says the transfer of production

operations to other countries can also help stabilise the number of jobs in Germany. Often, manufacturing processes transferred to other countries, particularly in the former communist nations of eastern Europe, have remained relatively low-skill jobs.

By making the parent companies more competitive, the transfer of production can, the VDMA says, help to keep in Germany jobs in areas such as design, marketing and production of high-tech components.

Some 36,000 jobs in Germany have disappeared in the past five years among

machinery companies due to the direct effects of transfer of production operations outside the country. However, the VDMA says this figure is relatively low compared with job losses because of the country's economic difficulties.

Of the 572 companies in the VDMA's survey, 40 per cent have factories outside Germany, while 20 per cent are planning to start them. Of the companies which already have non-German plants, 50 per cent are planning expansions.

Just over a third of the companies said their moves to other countries reduced numbers employed in Germany, while 17 per cent said the changes increased. German staff levels, possibly by opening up new markets.

Of the companies switching production outside Germany, 50 voted for the Czech Republic as the best place to go, while 14 mentioned Italy and only 10 the UK.

When asked about the countries to set up in, either as part of transfer of manufacturing from Germany or to exploit new markets, eastern Europe and the former Soviet Union emerged as the most favoured region, along with China and the rest of eastern Asia.

Japanese carmakers bought more foreign-made car parts in the last fiscal year, according to the Japan Automobile Manufacturers' Association. Purchases of parts from the US rose 8.1 per cent to \$22.7bn, while those from Europe rose 5.2 per cent to \$5.5bn.

The increase underlines the growing globalisation of Japanese car companies and is likely to be welcomed by Japan's trading partners.

Two years ago, the US and Japan reached an agreement that Japanese carmakers would try to increase purchases of foreign-made car parts, after a bitter dispute that nearly resulted in sanctions on Japanese car imports in the US. The yen's fall against the US dollar has also encouraged buying abroad.

Part of last year's increase results from higher production at Japanese companies' US manufacturing subsidiaries. Toyota, for example, has increased production in the US from 620,000 in 1994 to 767,000 in 1996. Honda has raised production in the US from 486,000 three years ago to \$34,000 last year.

Japanese carmakers bought more European car parts last year largely on the back of increased local production. Honda's production in the UK has gone up from 43,000 in 1994 to 106,000 last year.

Nissan raised production in the region to 330,000 last year compared with 307,000 in 1994, while Toyota increased production from 91,000 to 119,000.

Michiko Nakamoto, Tokyo

Chilean senators back accord

Chile's Senate has approved a free trade accord with Canada. The accord is expected to eliminate about 80 per cent of trade barriers between the two countries. The remainder, including those on many sensitive farm products, will be phased out over 18 years.

Approval of the pact was held up by opponents, mostly rightwing legislators from agricultural districts, who tried to win concessions from President Eduardo Frei's government on other trade issues. The vote was 34-6, with three senators abstaining.

The treaty is compatible with the North American Free Trade Agreement (Nafta) between Canada, Mexico and the US. The Clinton administration has proposed expanding the Nafta treaty to include Chile and other Latin American nations.

Imagen Mark, Santiago

A long-awaited trade treaty between the European Union and Mexico has been delayed because of a row over maritime cargo. A meeting of EU ambassadors sent the treaty back to the European Commission for partial renegotiation after Denmark and Greece complained their shippers faced discrimination.

WTO lauds internet initiative

The World Trade Organisation yesterday welcomed US President Bill Clinton's views in favour of free trade on the internet.

WTO director general Renato Ruggiero greeted the US initiative with enthusiasm and said the US lead would promote free trade on the internet and global electronic commerce.

"It is a very interesting idea and in line with the telecommunications accord and Information Technology Agreement. In that we should not create barriers to business and trade," said Mr Ruggiero. The WTO said it was excited about being involved, especially regarding copyright and intellectual property rights.

Foreign Staff



The European commission's vision of transport links in central and eastern Europe is based on a network of 10 corridors along the main trading routes. Roads and railway lines already run along most of these corridors but many need upgrading to remove bottlenecks and reduce journey times. The corridors are intended to allow national governments, the European commission and international banking organisations to concentrate on a manageable number of priorities.

NEWS: INTERNATIONAL

Enraged Arab world blames Israel after Jewish settler puts up posters insulting to Moslems

Angry Saudis step up pressure on Israel

By Mark Huband in Cairo

Saudi Arabia yesterday stepped up diplomatic pressure against Israel amid mounting Arab outrage over an anti-Moslem incitement which last night re-ignited violence in the Palestinian territories, leaving one dead and 37 injured.

Prince Saud al-Faisal, the Saudi Arabian foreign minister, said in Cairo yesterday that full blame for the current impasse in the Middle East peace process attached to Israel. "It is being portrayed as if somehow Saudi Arabia and Egypt are responsible for the current situation. If any damage is being done it is because of Israeli policies and acts on the ground. If there's going to be any change, it has to be on the side of the Israelis."

Despite an Israeli government apology, Arab states are incensed by the discovery in the West Bank town of Hebron of posters pasted to shopfronts by an Israeli settler which depict the Prophet Mohammed as a pig - an animal viewed as dirty by Moslems as well as Jews,

who are both forbidden to eat it.

"We believe [the posters] revealed something that has been hidden. The posters express the Israeli view of the Arab citizen," Prince Saud al-Faisal said yesterday. "It is a new sign of what must be changed in Israel's thinking and manner if what is wanted for the peace process is to proceed along the correct path. It is a bad sign, that expressed a sickness in the Israeli view of Arabs," he said.

In response to the Israeli

government's increasingly intransigent attitude towards the Palestinians, Saudi Arabia's Crown Prince Abdallah this week called upon the Gulf state of Qatar to cancel the fourth Middle East and North Africa economic conference scheduled for November. Israel is to be invited as part of the normalisation of Arab-Israeli relations launched in 1989.

Prince Abdallah said Saudi Arabia would boycott the summit because of the Arab presence. The US has encouraged

Saudi Arabia and other states to attend. Prince Abdallah rejected this call.

However, Egypt's President Hosni Mubarak clearly intends to use the question of attendance at the summit as a form of pressure against Israel. "I cannot tell you that I am going. It depends on the situation just before the conference," he said earlier this week.

Mr Ahmed Abdullah al-Mahmoud, Qatar's foreign minister, yesterday reaffirmed that plans for the conference were going ahead

and that all states which attended the Cairo Middle East summit last year would be invited, by implication including Israel.

Direct Palestinian-Israeli talks were halted in March when Israel began construction of a Jewish settlement in an Arab area of East Jerusalem. The sovereignty of Jerusalem is central to the stalled talks, as both Israelis and Palestinians claim it as their capital. The status of Jerusalem is at the heart of Saudi policy due to the importance for Moslems of the city's Al-Aqsa mosque, the third holiest shrine in Islam.

Egyptian hopes for a resumption of Palestinian-Israeli talks are now dimming.

Mr Amr Mousa, Egypt's foreign minister, has made increasingly sceptical statements regarding the progress of a five-week Egyptian mediation, which has been conducted by Mr Osama Al-Baz, political adviser to Egypt's President Hosni Mubarak.

The situation in the occupied territories and the situation in the peace process

are not in good shape," Mr Mousa said yesterday.

Mr Al-Baz was due to visit Israel this week. But a senior Egyptian official confirmed yesterday that the visit intended to push a five-point Egyptian plan aimed at suspending Israeli settlement building in Arab areas and pursuing discussions on the establishment of port and airport in Palestinian-controlled Gaza as well as a road link between Gaza and the West Bank, had been postponed indefinitely.

President Mubarak

pressure on Israel

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NEWS: THE AMERICAS

■ Peso up ■ Inflation down ■ Market booming ■ Exporters squeezed

Mexico shrugs off election jitters

The Mexican peso is challenging received wisdom by remaining steadfast and serene during a tumultuous mid-term election campaign for Congress.

The freely-floating currency has reflected none of the usual pre-election market jitters even as most analysts herald next Sunday's elections as a watershed in Mexican politics, with the ruling Institutional Revolutionary Party (PRI) likely to lose control of Congress and the mayoralty race in Mexico City.

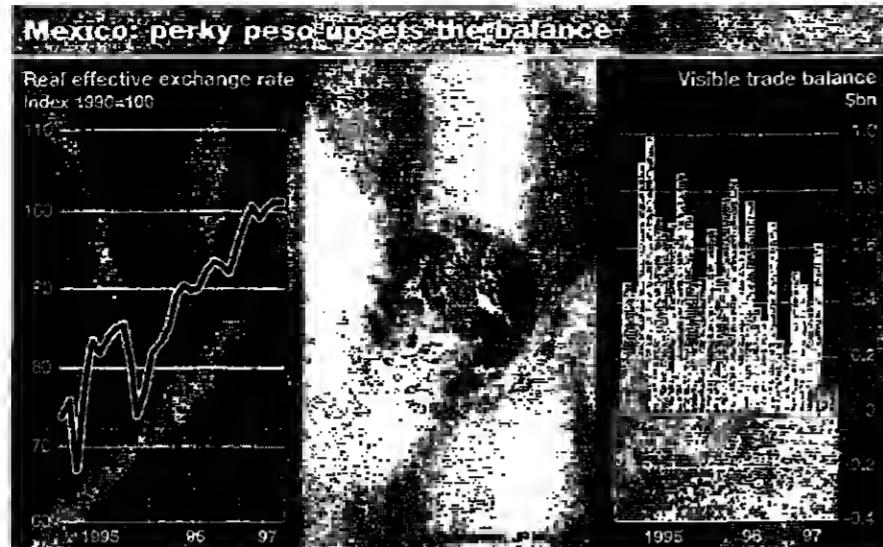
Unlike previous elections, there has been no sign of capital flight, no inflationary expansion of credit, and no boarding of dollars under mattresses.

According to the Mexican Institute of Finance Executives (IMEF), the very opposite has happened. It estimates Mexicans have repatriated more than \$5bn since the start of the year, contributing to strong capital inflows that have allowed the Bank of Mexico to accumulate \$14bn in international reserves.

Inflation and interest rates are falling, and Mexico City's stock exchange climbed to new peaks this week, apparently oblivious to the outcome of Sunday's elections.

Mexican economists are puzzled by this unusual state of affairs. In particular, they do not understand why the peso has continued to appreciate against the dollar in the face of political uncertainty, a dwindling trade surplus and double-digit inflation.

The peso has not budged



much from its early-1997 rate of 7.9 to the dollar in nominal terms in spite of inflation in Mexico about 8 percentage points greater than in the US. But its strength – usually viewed as a signal of confidence in the economy – has become a subject of controversy between exporters, economists, the Finance Ministry and the Bank of Mexico.

The strongest criticism of the peso's real appreciation has come from Mr Eugenio Clariond, a Monterrey steel magnate who last month was elected leader of the Mexican council of businessmen, which groups the 34 wealthiest captains of industry in Mexico.

"Since 1970 and to this day," Mr Clariond told a meeting of finance executives, "Mexicans often witness how our monetary authorities encourage the

revaluation of the peso until it becomes overvalued. Invariably, this leads to a brusque devaluation," Mr Clariond said.

Mexico's recurrent devaluations wiped out the capital of thousands of productive enterprises. They destroyed jobs, economic growth and personal savings. It could happen again. He called on President Ernesto Zedillo, former central bank economist, to halt the revaluation of the peso before it was too late.

Mr Clariond is regarded as the spokesman for Monterrey's powerful industrial conglomerates, leading exporters whose profit margins have been squeezed by the strengthening peso. At Vitro, one of the world's largest glass manufacturers, one executive complains: "The appreciation of the peso has certainly hurt us.

Through most of last year Mexico ran hefty monthly trade surpluses, but in April and May the monthly figure was down below \$100m.

At the Bank of Mexico, however, Mr Jesus Marcos Yacamán, a deputy governor

Mr Paulo Leme, director of emerging markets research at Goldman Sachs in New York, estimates the peso is about 3 per cent undervalued relative to its long-term equilibrium rate. "The peso is now at its fair value, but going forward, the latitude for a further appreciation has disappeared. The government's policy mix should be geared towards preserving the real level of the exchange rate," he says.

It is not clear how widespread the boycott will be, but it seems bound to include 40,000 Indians who live in the remote south-eastern Chiapas, an area the rebels call their zone of control. Subcommander Marcos, the rebel leader said other states taking part would be Oaxaca, Guerrero and Hidalgo, where the Popular Revolutionary Army (EPR) is considered to have stronger presence.

nor does not understand what all the fuss is about. Interest rates and the exchange rate are floating freely, he says.

If exporters are right (about an overvalued peso), the market will correct itself," Mr Marcos says. "In a floating regime, exchange rate pressures do not accumulate." He believes the peso has appreciated because expectations for the economy have improved.

Part of the problem in the debate is that there is no consensus over the "correct" exchange rate for the peso.

The IMEF believes the peso is about 6 per cent overvalued in relation to the dollar.

"The worry of some industrialists is not the current level of overvaluation, but that this trend should continue until another peso crisis is unleashed," it says in a report.

Export boost urged on Argentina

By Ken Wain
in Buenos Aires

Argentina's economic development is being jeopardised by a lack of export policies, a Harvard economist has warned local bankers.

Mr Jeffrey Sachs, best known for his work advising governments in Latin America and Eastern Europe, welcomed the country's recent economic performance, but said progress was not sustainable without a higher rate of export growth.

"Where is the long-term export growth going to come from?" he asked in a speech to the Argentine bankers association this week. "If I were an official in a country so dependent on foreign capital, I would be worrying night and day about this."

Argentina was still one of the most closed economies in the world, Mr Sachs said. Exports as a percentage of gross domestic product were only 9 per cent, the second-lowest among major countries. Only Brazil was lower.

"Argentina says it is doing fine by exporting to Brazil. Brazil says it is doing fine exporting to Argentina, but when is Mercosur going to start exporting to the rest of the world?" he asked.

Argentina's exports grew 14 per cent last year to \$23.8bn, and are forecast to grow 10 per cent or more this year. Last year a third of exports went to Mercosur, the customs union that groups Argentina, Brazil, Paraguay and Uruguay, with Bolivia and Chile as associates.

The rise in exports was based in traditional and primary sectors such as agriculture and energy, Mr Sachs said. The country had to diversify, and the government and the private sector had to work together to improve infrastructure and the education system.

"Ideas and science and high technology must be at the core of future export efforts.

Pointing to weaknesses in Argentina's institutions, Mr Sachs said export-led growth also required the rule of law, with low levels of corruption and an independent judiciary.

Argentina's privatisation policies had been "smart and successful," and there had been a lot of progress in fiscal policy. "Fiscal policy is less in crisis here than in many other parts of the world," especially western Europe, he said.

But two other initiatives were extremely important for rapid growth – labour flexibility and tax reform. But reform efforts had become highly politicised and apparently stalemated, he said.

Leslie Crawford

AMERICAS NEWS DIGEST

US phone law faces challenge

SBC Communications has filed a federal lawsuit seeking to overturn provisions in a new telecommunications law restricting the local telecoms operators, or Baby Bells, from entering long-distance telephone markets, a company lawyer said.

SBC also planned yesterday to appeal against last week's Federal Communications Commission ruling blocking the company from offering a long-distance service in Oklahoma, one of seven states where it operates local calling networks.

In the lawsuit, filed in Texas, SBC challenged sections of the Federal Telecommunications Act restricting the regional Baby Bells from offering long-distance calling and other services. The company said it was not challenging sections of the landmark law that ended monopoly control of local calling markets, opened the markets to rivals and required the Baby Bells to resell services.

Reuter, San Antonio

La Paz in water sell-off

The outgoing Bolivian government of President Gonzalo Sanchez de Lozada has privatised Semapa, the water and sewerage company serving the capital La Paz and its satellite city, El Alto, despite considerable political opposition.

The 30-year concession was won by a consortium dominated by Lyonnaise des Eaux of France, and a subsidiary of Argentina's Comercial del Plata. The new operators will have to invest a minimum of \$360m in upgrading the utility.

The even more controversial privatisation of Semapa, the water company for Cochabamba, is still scheduled to go ahead early next month. President Sanchez de Lozada says the privatisation has to go ahead before the World Bank will relieve some of the country's debt. But Bolivia's Supreme Court is upholding an action brought by the local authorities of Cochabamba, seeking to block the sale.

Sally Bowen, Lima

Venezuela bolivar edges down

The Venezuelan currency, the bolivar, will continue a gradual depreciation this year, though in the medium term it is still set to appreciate in real, or inflation-adjusted, terms, the central bank chief said this week.

Mr Antonio Casas said the currency was likely to slip from Bs486 to about Bs500 to the dollar by the end of the year. Mr Casas also said the government's currency forecast of Bs524 to the dollar for next year's budget was "reasonable".

The central bank's foreign exchange policy foresees an average 1.3 per cent depreciation per month but a large inflow of foreign capital, largely to the petroleum sector, prevented the bolivar from depreciating more than 3.1 per cent in the past 12 months, despite accumulated inflation of 42.1 per cent over the same period. Ray Colitt, Caracas

Canadian troops criticised

A commission of inquiry has sharply criticised the conduct of Canadian troops attached to the UN peacekeeping mission to Somalia in 1992, and accused the armed forces of flagrantly covering up their misdeeds.

The "Somalia affair", which had its origins in the death by torture of one Somali civilian and the killing of another, has already led to a shake-up in the Canadian military. The defence minister and the chief of defence staff resigned last year.

According to the report, a crack paratroop regiment assigned to the UN mission was unsuited and ill-trained for peacekeeping duties. The commissioners questioned the suitability of the present acting chief of defence staff, Vice-admiral Larry Murray, for the top job in the armed forces. They accused him of "near-contemptuous behaviour" on the witness stand. But the present defence minister, Mr Arthur Eggleton, described the report as "excessively critical" and said "the time for pointing fingers is past".

The commission's relations with the government and the military have been strained for some time. The commissioners were incensed earlier this year when the defence minister ordered them to deliver their report by June 30, even though they had not delved into several important aspects of the controversial mission.

Bernard Simon, Toronto

NYSE may act to ease company exit rule

By John Authers
in New York

The New York Stock Exchange is considering a change to its controversial "Rule 500", which makes it difficult for member companies to leave once they have been listed.

Any such move by the "Big Board", comfortably the world's largest stock market, would be a reaction to the growing competition it faces within the US, particularly from the Nasdaq stock market run by the National Association of Securities Dealers.

Several of the largest high-technology companies, including Microsoft and Intel, the world's largest software and semiconductor companies respectively, have opted to stay with Nasdaq, and did not follow the custom of transferring to the Big Board as soon as they had qualified to do so.

Revisions to the rule, which was introduced in 1988, are more likely than a wholesale repeal.

At present it says any company delisting must gain a two-thirds majority for doing so in a vote of shareholders, with no more than 10 per cent objecting. This means a company could need 90 per cent vote in favour before leaving the stock exchange, making it virtually impossible for Nasdaq or other competitors to lure companies to leave.

The exchange said the rule was now acting as a barrier to recruitment. Companies newly eligible for membership find themselves "confronted with a rule which says once they do it they can't change back," a senior official said.

"We haven't heard many complaints from existing members. But some companies simply see it as a deterrent to listing in the first place. If it's a deterrent we want to improve our competitive position," he said.

The exchange still dominates US listings of foreign companies, with about 97 per cent of those which are qualified choosing it.

The committee which advises the exchange's board has been asked to draw up a proposed change to the rule. It is expected to present a proposal – likely to involve a significant reduction to the threshold companies must meet in a shareholder vote – to the main board by the end of this year.



How did Edwina Currie learn the art of living – and lunching – in the Loire Valley? Why are consumers getting trampled in the battle of the big brand sports shoe? What dark secrets lurk behind designer sunglasses? And why does it take a second car to reach the inner man?

Find out in **how to spend it** magazine, Colour Supplement of the Year in the 1997 Newspaper Awards, published tomorrow with the Weekend FT.

NEWS: ASIA-PACIFIC

Thai market surge continues after floating of baht

By William Barnes
in Bangkok

The Bangkok stock market surged ahead strongly for the second day running yesterday, following the Thai authorities' surprise decision to free the baht in a managed float on Wednesday.

Foreign fund managers, especially those based in the US, have again sent many blue-chip stocks to their upper trading limit, as investors continued to assume the *de facto* devaluation would have mostly favourable consequences.

Mr Chavalit Yongchayudh, the prime minister, said: "The capital is flowing in now... the baht is about where we expected it could be. I am satisfied."

But some bankers and economists who have talked to Bank of Thailand officials are concerned that there appears to be no concrete plan of action for the rest of the year. "My impression is that [central bank] officials

have written off economic growth this year - which is realistic. But I do get nervous when I don't hear what they propose to do next," said one regional economist.

The Stock Exchange of Thailand index climbed 8.6 per cent to 617.98, a rise of 16 per cent in two days, following two months in which share prices have been at their lowest for eight years.

The Bank of Thailand's two-point defensive increase in its lending rate to 12.5 per cent, and the International Monetary Fund's promise to provide technical assistance in managing the currency, helped steady currency market nerves.

The currency was at Bt23.45 to the dollar in the protected domestic market at the close in Asia, down 2.5 per cent, after losing more than 17 per cent of its value on Wednesday. The offshore rate was Bt29.4.

Many traders seemed uncertain about the direction of Thai interest rates

over the next few months. It remains unclear how the Bank of Thailand proposes to go about managing the currency or what target rate it has identified. The first central bank reference rate,

derived from a weighted average of exchange rates, was published yesterday at Bt27.383 to the dollar, but the market did not appear to take much notice of what appears destined to become a benchmark for Thai-based accountants.

Many currency experts remain puzzled why the authorities, having vigorously and expensively defended the baht for several

months, chose this week to let it go. "I have never heard of a war where you win three battles and then surrender," said one treasury manager.

The Bank of Thailand

appeared to lose faith in its ability to defend the baht when it realised that even the local financial community was convinced it would be forced to devalue.

"The suspicion is that the

Bank of Thailand was fairly recently converted to the idea that it could no longer defend the baht - that raises the question of whether they and the government know what they are going to do next," said one Thai economist who sometimes advises the government.

"Thai governments and

the central bank have spent too much time sitting on their hands in recent years. It would be very dangerous for them to continue with this non-policy," said Mr Amman Siamwalla, an economist with the Thailand Development and Research Institute.

"Analysts are afraid that

increased interest rates

could wreak havoc in the

corporate sector if the

authorities do not get a grip

on the situation.

Asian equity stockbrokers

have calculated that if the currency falls by 20 per cent that alone will be enough to wipe out all non-bank corporate profits this year.

"If nothing is done, then in

six months the oxygen tank

could be used up and we'll

be in a worse situation than

we were before," said Mr Kenneth Curtis, chief economist for Dentsche Bank Group Asia Pacific.

However, Mr Sataporn Jin-

achitra, first vice-president

of the Siam Commercial

Bank, warned against

becoming gloomy about

events that will probably not

happen: "Walk around Bang-

kok. Does it look like a city

in crisis? No - people are

still putting up new buildings,

for heaven's sake, and

planning new projects.

Things may get a little tough

but there is an underlying

strength here that will see us through."

Currencies, Page 35; World

Stock Markets, Page 46



Petrochemical plans shelved

By William Barnes

Thailand's ambitions in the petrochemicals industry received a severe setback yesterday when three groups admitted that they had shelved projects to build ethylene plants this decade.

The surprise flotation of the baht has finally pushed the companies into admitting that the weak state of the Thai economy has stymied their expansion plans, according to an analyst.

"It was inevitable that something would have to give - I think the flotation of the baht was the trigger," said a petrochemicals analyst at ING Barings in Bangkok. Looming overcapacity in the petrochemicals industry also made the expansion untenable, he said.

The former currency regime that kept the baht stable against the dollar since the mid-1980s has been blamed for encouraging industrialists to borrow cheap foreign funds to put into what looked like marginal investments - such as many petrochemicals plants. Loans will now be more realistically priced.

The National Petrochemical Corporation, the Thai Petrochemical Industry and a group controlled by the

Bangkok Bank all said their plans were no longer feasible in the current environment.

In another reflection of Bangkok's new mood of realism, a Bank of Thailand official said the Development Bank of Singapore was poised to take a 60 per cent stake in Sri Dhana Finance & Securities, one of 16 finance companies told last Friday by the central bank to seek mergers with stronger rivals or face closure.

This is the second takeover of a local finance house since rules limiting foreign ownership to 25 per cent were lifted recently in the hope of finding rescuers for troubled lenders.

The 11 international and seven local companies that won - after fierce competition - the right to become independent power producers (IPPs) in Thailand are seeking to renegotiate the terms of their contracts.

"We fought for the IPP contracts with bids that two years ago assumed the baht would be very stable," said a US energy company. "But our margins are much too thin to have to buy expensive power equipment in foreign currency in exchange for baht earnings from the Electricity Generating Authority of Thailand."

By Michiyo Nakamoto
in Tokyo

Japanese companies are keeping a nervous watch on currency developments in Thailand, a country that has become a significant production base and market for their products.

Japanese companies have been some of the largest investors in Thailand. Last year they invested Y188bn (\$1.4bn) in the country, an increase of 32 per cent over the previous year, according to Ministry of Finance statistics.

But the actual level of investment is much higher, because of additional invest-

ments by the local subsidiaries of Japanese companies, notes the Japan External Trade Organisation.

The value of those investments is believed to be almost as high as that of direct investments, said Mr Jiji Ikeshita at Jetro.

Many Japanese companies are concerned about the difficulty they will face in setting long-term plans as a result of the baht's float. Jetro's on-the-ground research has found that

"Japanese companies that invested in Thailand did so mainly because the currency was stable", pointed out Mr Ikeshita, "so the basis for their

decision has collapsed."

Recent Japanese investment has focused on local production to target the local market. Japanese vehicle makers have been particularly active in building up production and sales in Thailand.

While exports will benefit by the improved competitiveness of products made in Thailand, sales in Thailand will suffer from the higher costs brought on by the weaker baht.

"If we see the current situation panning out, we can expect to see some currency-related losses," said Mr Christopher Redl, car industry analyst

at ING Barings in Tokyo.

Suzuki Motor, which depends on the Thai market for about 12 per cent of its global motorcycle sales, said: "The floating of the baht is a negative factor. We had been expecting the market to fall from 1.2m units in 1996 to about 1.1m units this year but things might get even worse."

The baht's fall has come just as Japanese carmakers have been boosting their production in the region. Toyota, which has a 27.8 per cent share of the Thai market, is aiming to increase production of the Soluna, its Asian car made in Thailand, from 40,000 this

year to 60,000 in 2000. Honda, which also makes its Asian car, the City, in Thailand, raised production by 7.1 per cent to 44,524 units and plans to increase production by another 6 per cent this year to 47,000 units.

Although Japanese motor

companies have achieved

relatively high local content

rates, they still import key

parts which are difficult to

make and expensive, from

Japan. A sharply depreciated

baht will push up the cost of

manufacturing in Thailand

and reduce the value of the

profits they make in the

Thai market.

Honda, for example, has a

local content ratio of 70 per

cent for its recently

launched Asian car, the City. Nevertheless, even in the US, where Honda has a local content ratio of 91 per cent, a 15% depreciation of the dollar against the yen has a 14 per cent impact on operating profits, assuming prices remaining the same, noted Mr Redl.

Japanese electronics makers and others which set up production in Thailand are also likely to be affected by the baht's plunge, although for large companies such as Matsushita, the Thai market is still a very small part of their overall business.

Japanese buy more car parts from abroad, Page 4

Philippines rejects claims that peso is overvalued

By Justin Marozzi in Manila

The Philippine central bank yesterday rejected calls to devalue the peso and pledged to maintain a market-determined exchange rate, amid pressure caused by the collapse of the Thai baht.

In the past few weeks a number of analysts in Manila have suggested the peso is overvalued, while the central bank has maintained there is no pressure to boost competitiveness because the country is already bucking

the trend of declining southeast Asian exports.

"We have gone through these routes and other artificial exchange rate fixing experiments before, with invariably disappointing results, and failed expectations," said Mr Gabriel Stiglitz, governor of the central bank. "But we also make a clear distinction between a market that supplies the normal requirements of commerce and a market merely driven by fear, greed and speculation."

On Wednesday, the central bank raised the key overnight interest rate from 15 to 20 per cent and again to 24 per cent to ward off heavy speculative pressure.

According to Mr Angus Armstrong, chief Asian economist at Deutsche Morgan Grenfell in Singapore, that move "shows the extent of investors' concerns. While we expect the peso to survive, this will be at considerable cost to the economy: interest rate and exchange rate policy are becoming too restrictive".

The bank governor has

said rates will be kept high while the turbulence in the foreign exchange markets caused by the baht move remains. Interest rates had been on a downward trend before Thailand floated its

peso.

Following a steep decline on Wednesday, the Manila stock market lost 22.47 more

points yesterday, as unease over the spillover effect from Thailand continued to unsettle investors.

● Malaysia's acting prime minister, Mr Anwar Ibrahim, said in his first reaction to

the currency crisis his country would do whatever was

necessary to help the Bang-

kok government, Asif Huda writes from Kuala Lumpur.

"We have confidence in

the Thal economy and we

feel that they are doing their

best to manage their economy," he said.

Analysts said yesterday that the ringgit might have been exposed to strong downward pressures after the baht was floated had it not been for the intervention of the Malaysian central bank, Bank Negara.

They said that although a lower baht meant trade with Thailand would be cheaper, Malaysia, as a neighbouring country, would want a stable baht, especially now that ASEAN countries are forging the ASEAN Trade Area.

Asian fund managers welcome Thai flotation

By Louise Luces
in Hong Kong

Asian fund managers yesterday welcomed the flotation of the Thai baht, saying it was a positive first step as it gave the authorities scope to cut interest rates.

However, many had no plans to increase their Thai holdings.

HSBC Asset Management, which now has just over 4 per cent of its Asian portfolio in Thailand, is partly deterred by the massive premium now attached to stock for foreigners.

Mr Graham Muirhead, director of Asian equities, said: "The stock market has gone up substantially: a lot of stocks have doubled over the last two weeks. We are not prepared to chase them, given how much the foreign stock has gone up, although we did some buying a couple of weeks ago when prices were lower."

Reuter, Sydney

Commodities, Page 33

Strike paralyses Bangladesh

More than 5,000 police and paramilitary troops took to the streets of Dhaka to prevent violence as an opposition-led strike virtually paralysed the country yesterday, police and government officials said.

The Reserve Bank of Australia, the latest in a number of central banks to sell gold in recent years, made the sales over the past six months, it said, but no further sales were planned.

At current prices, the gold was worth some US\$1.5bn.

News of the sale came with gold bullion trading at near four-year lows on international markets - caused in part by market nervousness over central bank sales.

The Australian sales programme followed a review by the bank of the costs and benefits of holding a significant part of international reserves in the form of gold, the RBA said.

It said its board had concluded that although some gold was worth holding as a contingency, it no longer needed to have 20 per cent of its overall international reserves in the metal.

It said the board had concluded that although some gold was worth holding as a contingency, it no longer needed to have 20 per cent of its overall international reserves in the metal.

Reuter, Dhaka

Oil spill over-estimated

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CRÉDIT AGRICOLE INDOSUEZ

NEWS: THE UK BUDGET

Chancellor orders extensive review by Inland Revenue

'Catch-all' tax avoidance law planned

By Jim Kelly,
Accountancy Correspondent

Mr Gordon Brown, the chancellor of the exchequer, has asked the Inland Revenue to consider a "catch-all" law against tax avoidance. In his Budget speech on Wednesday he ordered a wide-ranging review of tax avoidance by the Revenue adding: "I have specifically asked them to consider a general anti-avoidance rule."

Most tax experts think such sweeping powers - which have been discussed for many years - give too much power to tax officials and often fail when tested in the courts.

But most governments judge they have a significant deterrent effect in making companies wary of sophisticated tax planning schemes devised by accountants and other tax experts.

So-called "catch-all" rules mean transactions must be looked at in terms of substance - not legal form. If it is designed to avoid tax, rather than for a proper commercial reason, then it should be ruled out.

The UK's system, in contrast, is based on a large body of specific laws often aimed at narrowly defined abuses - although they are increasingly broadly interpreted by the courts.

"Catch-all" laws do have a deterrent and compliance effect but they introduce uncertainty, which is not good," said Mrs Joy Svasti-Salee, of accountants KPMG.

Switzerland, like most countries with such a provision, relies on the "substance over form" principle which is part of its constitution of 1847. "The law has certainly been used," said Mrs Svasti-Salee. In one case, a Swiss parent com-

pany had to pay tax on interest from loans made by a subsidiary in a tax haven - because it guaranteed the loans.

Canada has a general anti-avoidance rule which was enacted in 1998. Mrs Svasti-Salee said that, like many such laws, it had led to little actual litigation.

Mr Peter Wyman, head of tax at Coopers & Lybrand, agreed, saying: "Courts have been very reluctant to apply it in Australia and New Zealand as the laws are so widely drawn."

In contrast, federal US legislation designed to block so-called "step transaction", where the commercial reality of a deal is obscured by intermediate stages, has been successful. "That's relatively effective - but it does not apply to a huge number of artificial avoidance schemes," said Mr Wyman.

• The government's ending of an exemption on the taxation of dividends from shares held for trading purposes was presented in the Budget programme as being part of a clampdown on tax avoidance. It is likely to create changes in the share trading businesses of all integrated investment banks in the City of London.

The Inland Revenue presented the change as an attempt to clamp down on some tax arbitrage business, under which large investment banks have financed the purchase of tax-free equities by using tax-deductible borrowings.

However, tax experts said they believed the changes would have much wider implications. They said they expected most investment banks, particularly those with marketmaking operations, to be heavily affected.

Sir Ronald Hampel, chairman of Imperial Chemical Industries, was encouraged by the "emphasis on the long-term needs of the economy in terms of stability, investment and the development of skills". But he was worried that the Budget might not do enough to slow the consumer side of the economy and reduce the strength of sterling.

Sir Ross Buckland, chief executive of Unigate, the foods group, said: "This is not a bad Budget for business, with the exception of the changes in tax credits, which will, for many companies, outweigh the effects of the reduction in corporation tax. I am 100 per cent behind the extra money for education."

Mr Peter Ellwood, chief executive of Lloyds-TSB bank, said: "This is a strong Budget for good economic growth and long-term investment."

Praise also came from Sir Anthony Bamford, chairman of the JCB construction equipment company. The Budget would be "good for JCB and for most people in manufacturing because it will release more funds for investment".

Lord Paul, chairman of Caparo, the engineering company, went further, hailing a "visionary" Budget.

"Here we have a chancellor who is trustworthy and delivered what he promised. This is what impressed me

most. The stability Mr Brown wants to introduce will be good for industry."

Almost as lavish in his praise was Mr Christopher Haskins, chairman of Northern Foods, who said: "It is a remarkable first Budget for Mr Brown - very shrewd and full of common sense. The elimination of tax credits on dividends removes a big economic distortion, even though the pension funds will squander."

Mr Martin Taylor, chief executive of Barclays Bank, said the overall tone of the Budget was "positive".

Mr Colin Parsons, chairman of Taylor Woodrow, the construction company, said: "From a business perspective we broadly welcome the chancellor's proposals in what we regard as a responsible Budget."

Sir David Lees, chairman of GKN,

Business 'may move out of UK' after levy change

By Roger Taylor in London

Multinational businesses yesterday said the government had underestimated the impact of the abolition of foreign income dividends (fids) announced in Wednesday's Budget, and warned that some companies may choose to relocate away from Britain as a result.

Rio Tinto, the world's largest mining company, refused to comment on speculation that it was considering relocating from the UK following the change, saying only that it was considering its options. With mining operations around the globe and only 220 people in its UK head office, the company would be one of the hardest hit by the change, analysts said.

Fids were introduced in 1993 Budget to correct an anomaly in the UK tax system.

Companies receive relief from UK corporation tax if they pay tax in other countries on non-UK earnings. But if these earnings are paid out in dividends, they become liable to advance corporation tax which could not be reclaimed until the introduction of fids.

Its abolition will mean that some companies face double taxation on their dividends.

The Inland Revenue estimates that the measure, to be introduced in April 1998, will raise £250m. City analysts, however, say it could cost considerably more.

HSBC James Capel, the stockbrokers, have calculated that 5 per cent of UK dividends are paid as fids. On that basis, if they had been abolished this year, it would have cost British industry about £500m.

The Inland Revenue suggested that its estimate was lower because it had made allowance for companies changing their dividend policy to avoid the tax.

Estimated cost to privatised utilities of the windfall tax

	Initial value (£m)	Implied market value (£m)	Estimated tax (£m)		Initial value (£m)	Implied market value (£m)	Estimated tax (£m)
Regional Electricity Companies				Water Companies			
East Midlands	223	641	98	Anglian	707	1,281	132
London	223	1,243	140	North West	254	3,882	259
Mersey	285	707	97	Northumbrian	157	502	70
Midlands	503	1,088	134	Severn Trent	268	2,218	315
Northern	295	510	118	South West	202	746	104
Norfolk	144	1,020	155	Southern	262	843	127
Sheffield	206	782	110	Thames	222	1,925	251
South Wales	244	694	90	Welsh	345	1,783	132
South Western	205	777	97	Western	246	877	90
Southern	643	1,387	185	Yorkshire	472	1,039	140
The Energy Group	648	1,133	112				
Yorkshire	488	1,002	134				
Generators				Multinational			
National Power	2,221	4,722	261	United Utilities	76	108	415
PowerGen	1,367	2,835	203	Hydro	26	78	222
British Energy	78	78	0	Scottish Power	78	78	216
Others				Others			
Scottish Power Core	1,856	2,357	92	BT	7,800	12,468	515
Hydro-Electric	220	1,114	44	BAA	1,225	1,484	62
Northern Ireland	362	552	44	Railtrack	1,900	2,628	158
				British Gas	78	78	515
				Corsica	78	78	390

Sources: HSBC James Capel and company estimates

Several privatised utilities yesterday criticised the formula used to calculate the windfall tax, which they claimed penalised success and rewarded failure.

But it was increasingly clear that the distribution of the tax had reduced the risk of legal challenges. Shares of almost all the utilities rose in London.

Banks assess sudden exemption switch

By George Graham,
Banking Correspondent

London investment banks were scrambling yesterday to work out the impact of the government's sudden decision to end their tax exemption on dividends from shares held for trading.

Some banks stand to lose millions of pounds on equity derivative contracts they have sold to investors because the change in the

tax treatment has thrown out their calculations on the correct pricing. But most said they could not work out the exact effect on their own positions with they saw the details of the legislation, which will not be published until next week.

Traders said Union Bank of Switzerland and E&ZB, the investment banking arm of Barclays, were likely to be among those worst affected.

Mr Rami Goldstein, global

head of equity derivatives at UBS, said he was not able to say definitively what the impact would be. "Our quick back-of-the-envelope estimate is that the impact is not expected to be material, and in any event is going to be well covered by existing reserves," he said.

NatWest Markets, the embattled investment banking arm of National Westminster Bank, said it did not believe the change would

have any material impact on its results.

Under the new rules, dividends on shares held as trading assets will be taxed as trading income, instead of exempted from tax on the basis that tax had already been paid by the company which issued the shares.

The change means that for every £1 of dividend income an equity dealer used to receive, it will now get only 69 pence after paying corpo-

ration tax. It will particularly affect investment banks which have written long equity derivative contracts.

The change could affect UK and non-UK share dealers differently, and some non-UK banks could gain.

Accountants criticised the suddenness with which the Inland Revenue introduced the change.

Traded options, Page 42

Many industry chiefs praise measures

By Peter Marsh in London

Most leaders of big businesses welcomed the Budget for the boost it would give to investment and training, but some expressed "regrets" over the reduction of tax credits on dividends, which threatens to increase the costs of financing pensions.

Sir Ronald Hampel, chairman of Imperial Chemical Industries, was encouraged by the "emphasis on the long-term needs of the economy in terms of stability, investment and the development of skills". But he was worried that the Budget might not do enough to slow the consumer side of the economy and reduce the strength of sterling.

Sir Ross Buckland, chief executive of Unigate, the foods group, said: "This is not a bad Budget for business, with the exception of the changes in tax credits, which will, for many companies, outweigh the effects of the reduction in corporation tax. I am 100 per cent behind the extra money for education."

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Mr Colin Parsons, chairman of Taylor Woodrow, the construction company, said: "From a business perspective we broadly welcome the chancellor's proposals in what we regard as a responsible Budget."

Sir David Lees, chairman of GKN,

the engineering company, said: "The deficit reduction programme is a good one. Long term financial stability is important."

"I welcome the cut in corporation tax, which comes as a surprise. But I have considerable reservations about the changes to tax on dividend payments."

Mr Victor Rice, chief executive of LucasVarity, the automotive parts group, was one of a minority of business leaders who had a good word for the abolition of tax credits on dividends.

He said this should "help to level the playing field for global companies like ourselves who wish to reward our shareholders through a mixture of dividend payments and share buy-backs".

Philip Stephens, Page 16

MANAGEMENT

It is essential to spend time on the ground if businesses are to crack the emerging markets, reports Jeremy Grant

Vietnam veterans

unlikely for another two to three years, Bates says, because Hanoi is dawdling over how far to open up to foreign insurers.

The company is reviewing its staffing needs, as are scores of other investors whose business expectations have not been met.

The objective was to bring gravitas, to indicate respect to the ministry of finance," he says. His office is decorated with two framed photographs: one of the UK monarch and one of "Uncle Ho", Vietnam's former president, with his trademark grey goatee.

Bates's appointment indicates the importance of the company attached to the posting. When the company was deciding what sort of person would be best to open its first office there, his age, 53, was what counted in Vietnam, like other Confucian-influenced countries in Asia, age commands respect. And that, Bates believed, would give him a head start in wooing bureaucrats and winning business.

"The problem is to bring gravitas, to indicate respect to the ministry of finance," he says. His office is decorated with two framed photographs: one of the UK monarch and one of "Uncle Ho", Vietnam's former president, with his trademark grey goatee.

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Guardian expected to be operating a life insurance joint venture with a local partner by the end of last year. But that is

Vietnam as the region's next "Asian tiger", rather than solid analysis of potential. "After six months here I got the impression that many foreigners had a more emotional reaction than a rational assessment."

He draws a parallel with the former east Germany. West German companies piled into the formerly Communist east when the Berlin wall fell in 1990; when they realised the economy was in far worse shape than first thought, it was too late.

Did investors misjudge Vietnam's potential, and if so, how can they avoid making the same mistake with other emerging markets? And what lessons are there for companies looking at staffing needs for such markets?

Arno Tomowski was until recently resident representative in Hanoi for Krupp, the German industrial conglomerate. Business did not progress as expected since he arrived in 1995, and he now handles Vietnam from Jakarta. He says too many investors were affected by the hype on

assistance, but they claim that it is slow to implement and does not necessarily bring more rapid restructuring.

"Initially it was widely believed that mass privatisation and management/employee buy-outs would not lead to much restructuring, says the study. But the research shows that there are "no observable differences" in the effectiveness of alternative privatisation techniques.

"Massive giveaways of firms through voucher privatisation or management buy-outs have led to similar results as case-by-case sales to

Business
they
out of
after the
change

Leeds

The horizon is dotted with cranes building commercial centres and there are signs of inner city regeneration.

Ian Hamilton Fazey reports

Services drive new projects

It tower cranes on the skyline are a rough and ready measure of the health of a city, then Leeds has been getting ever healthier these past 10 years. Even during recession, relocation of government departments kept large-scale construction going. Today, Leeds' astonishing success in developing as a powerful supplier of financial and professional services is driving yet more new building.

The visitor leaving the central railway station emerged into a square dominated by Norwich Union's £20m, wholly speculative, 12-storey modern office block - No.1 City Square - now nearing completion. It is the largest office project ever undertaken in Leeds.

Ten years ago, about 300 metres to the south, the city centre used to end at the Hilton Hotel. The nearby River Aire and Leeds-Liverpool Canal basin were lined with unsightly dereliction. Today, KPMG's office block stands sentinel on the bridge over the Aire, almost opposite the Hilton. Dead opposite, between the Hilton and the canal basin, Privilege Insurance is building a large call centre.

Another new building near completion on the riverside will house Addleshaw Booth, formed this year by the merger of Manchester's largest law firm with Booth & Co, one of Leeds' finest. A little way downriver, three redbrick warehouse have been reclaimed for apartments, and as £2 The Calls - a luxury hotel. There are other offices and a couple of first-class restaurants - Leeds' and Pool Court at 42.

These restaurants now have a competitor on the south quay of the canal basin in Rascasse, where staff have their fingers crossed for a Michelin rating. The new restaurant is proving an important part of the infrastructure for a cluster of other new and

reclaimed buildings occupied by, among others, BWD Rensburg Investment Management, Allied Dunbar, Halifax Direct - a new telephone bank - and an insurance broker.

South of the Aire and where Asda pioneered this thrust into the derelict wilderness by building its headquarters on the river bank in 1988, Tetley's brewery visitor centre is a new attraction. Further on, the new Royal Armouries museum houses part of the national collection of arms from the Tower of London.

While these developments have, in effect, expanded Leeds' city centre to the south and east, it is now stronger eastwards too,

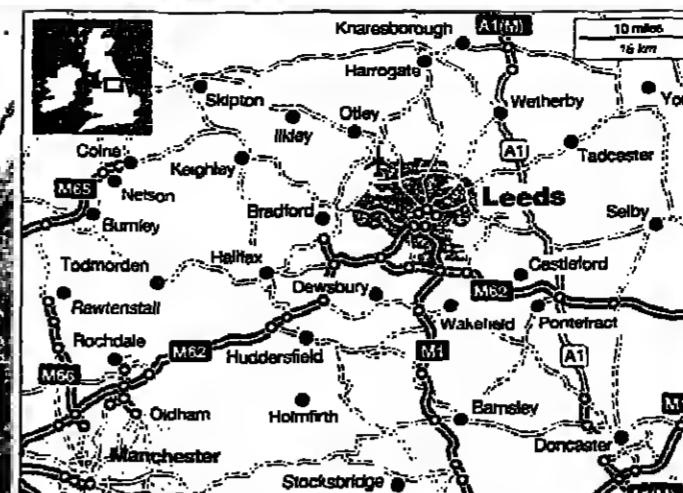
where it is eventually constrained by an urban motorway and punctuated architecturally with the Holiday Inn and the Yorkshire Post building. Now, however, Coopers & Lybrand's new office block fills a formerly uncomfortable hole between the rest of the city centre and the hotel. There are other new office buildings, too.

Educationally, the city is well served with two universities, which now have 40,000 students between them, a substantial economic resource in itself. They are also developing space. Leeds University is one of the older civic variety, while Leeds Metropolitan University, is a development and extension of the city's former polytechnic.

Leeds University, which now claims to be the UK's largest non-federal institution of its kind, is making an extra contribution to economic development by beefing up its four-year-old business school. It is expanding onto the site of the old Leeds Grammar School, the neo-Gothic buildings of which are being converted for modern business teaching, with horseshoe-shaped lecture theatres to promote interactive learning. The business community is being tapped



The dynamic centre of Leeds...from the County Arcade in heart of the retail area, to City Square as seen from Queen's Hotel, to the impressive city hall



Picture: Angus Wilson, Horace Garbett

for about a third of the £15m cost, with the university providing the rest.

In effect, Leeds is playing catch-up in the business schools market and has recruited several leading academics from rival schools around the UK. Even though Bradford University's Management Centre, less than 10 miles away, already has an international reputation, Leeds has set itself the ambitious task of developing one of the top business schools in Europe, not least to match the emergence of the city as an undisputed regional capital.

Leeds, therefore, is clearly on the up and up, with a vision of itself as a leading European metropolis in the 21st century. There are other signs of success. The rush hour, particularly south-

wards in the morning from the upmarket town of Harrogate, Ilkley and Otley, has become as bad as anywhere else's. The M62 between Leeds and Manchester can be a choke-a-block at peak times.

At 5.3 per cent, unemployment in the Leeds travel-to-work-area is comfortably below the UK national average of 5.8 per cent. Top salaries among management consultants employed by the largest accountancy firms have passed the £100,000 a year mark.

Roger Hoyle, a director of Spearhead, says headhunter firms like his have never been busier, not only in trying to find people from all over the UK and abroad to take jobs in Leeds, but also in trying to pick off some of Leeds' best professionals to

work in London and beyond.

Even Leeds' social problems are a by-product of success.

Unemployment is more than 20 per cent in parts of the inner city and as high as 35 per cent in individual inner city streets because

leaders now acknowledge they did not do enough to include key members of the community and voluntary sectors.

They are trying to remedy this, as well as promoting training programmes and welfare-to-work schemes to improve employability in the inner city.

There are also other reasons for concern. Tony Grant, a former head of Coopers & Lybrand in the city, was founder chairman of the Leeds financial services initiative three years ago and is now president of Leeds chamber of commerce.

He warns: "Business in

Leeds has been very successful, not only because of financial services, but

because of a very mixed economy, with strong representation in all industrial sectors. The main concern of the business community is how to keep up the overall momentum.

"We have a big manufacturing sector and are very worried about exchange rates. We are also worried about interest rates. We want stability."

"Also, with regional unemployment rates a point worse than the national average and about one-and-a-half points worse than in the Leeds travel-to-work-area, it is clear that Leeds is a magnet for jobs in the sectors where it is strong. We need to improve the regional transport network. We need more trains. These improvements must be part of a strategy for the whole of Yorkshire and Humberside."

The present network has to cope with 17,000 commuters a day, compared with only 3,000 just 20 years ago. The chamber says Leeds deserves more national help to cope, because of its economic success, it contributes disproportionately in taxes and wants commensurate public investment in infrastructure in return.

The argument should hold good for some time the way things have been going for the city economically, it looks unlikely that Leeds' above-average contribution to tax revenues is going to diminish in the foreseeable future.

'The quality of life is much higher than in the south'

Sarah Grunewald, a director of NatWest Markets, moved north three-and-a-half years ago and runs the merchant bank's Leeds operations. "I spent 10 years in London," she says. "Work is much more satisfying here. It is quicker to deliver a commercial solution to clients."

"You can set up a team with other professionals to do a deal much more quickly and all the people involved will know the companies better. I never went out to clients in London, they came to the office to see me. Here the reverse is true. They expect us to go and see them. You

understand their businesses better as a result."

Ms Grunewald is one of a growing number of immigrants from London and the south and is not untypical in being pleasantly surprised.

Clive Bayley manages the Leeds city centre initiative, a public-private partnership to get the best out of amenities, shops and arts. He used to run the London Pavilion in Soho. "I am certainly not going back to live in the south again if I can help it," he says. "The quality of life here is much higher than in the south of England."

"Before I came, I had the typical Londoner's view of the north. Now I live in a farmhouse near Tadcaster, about 15 miles from Leeds within easy reach of the Dales and the North York Moors."

"The other interesting thing about this place is that a lot of different people have banded together to do something about things. It is difficult to find such a sense of community in London."

Another newcomer is Toby Wyles, a director of Apax, the venture capital provider. He believes Leeds now competes with London on a different footing from the past.

"The price difference has gone now," he says. "London firms are slashing prices to compete, but they cannot score on value for money because you usually get a more experienced partner dealing with you in Leeds and this adds to quality."

Bob Bigley moved north to Leeds five years ago as one of the two founding directors of Hambrs in the city. He says: "I like it enormously. It is great for the family and from a work point of view it is great fun."

"There is a lot of fun in growing a business and apart from ourselves, there are a lot of

growing businesses here."

Jonathan Russell moved to Leeds to manage 31's Yorkshire and Humberside operations. He has found Leeds attractive personally and professionally for one very important cultural reason that underpins Leeds' professional services market. "I think there is more entrepreneurship in the north than the south. Yorkshire in particular has worked out how to manage and arrange succession in dynamic and family businesses."

says Mr Russell.

Ian Hamilton Fazey

Barclays, Bradford Management Centre, Coutts, DIBB Lupton Alsop, Halifax, Hambers Bank Limited, KPMG, Visa Cash, William M Mercer, Eversheds, NatWest, Yorkshire Bank, Pinson Curtis, Redmayne Bentley, London Stock Exchange.

share in Leeds' success

The Leeds financial and legal community is enjoying unprecedented success as the city has grown to become the UK's most dynamic financial and legal centre outside London.

The key members of this community play a prominent role in not only serving an ever increasing client base both nationally and internationally, but also working together in a pioneering partnership of the Leeds Financial Services Initiative to encourage further development of the sector.

The city now has a critical mass of expertise in corporate finance, legal services, insurance, investment management, private, corporate and retail banking, venture capital, broking and many other professional services which position it firmly as the financial and legal capital of the North. Leeds is now home to the largest concentration in the country of financial call centres, a sector which is continuing to grow both organically and by the establishment of new operators.



For more information about the services of LFSI members and how to share in the success of Leeds contact:

The Chief Executive

Leeds Financial Services Initiative, c/o The Bank of England, King Street, Leeds LS1 1HT
Tel: 0113 244 1793 Fax: 0113 244 1710

LEEDS - CENTRE OF EXCELLENCE FOR FINANCIAL AND LEGAL SERVICES

2 LEEDS

INFORMATION TECHNOLOGY • by Ian Hamilton Fazey

Click here for top bandwidth links

New pop bands and leading businesses are showcasing their wares on-line

There may seem little connection between a career in pop music promotion and one centred on the internet, but Mr Aidan Cook, a 25-year-old live music promoter, has made the link in Leeds. He moved to the city from Brighton because there were more bands to work with. Now he is in the bandwidth business.

He and three colleagues came up with what they thought was a great gimmick: they would offer to design a free home page on the internet for bands they promoted to help them appeal to the youth market. Now it looks like leading them into something bigger than they could have achieved in the music business.

Some who saw the bands' home pages started asking the trio to create one for them. They now have a company called Sense Internet - shortened to Sensei, the Japanese for teacher, on the net - which designs home pages.

Mr Cook says: "Many companies decide they want to be on the Internet and turn the problem over to their information technology specialists. This is usually a mistake because most of these people are not graphic designers and the resulting home pages are poor. In our experience, the company then goes quiet for a while and lets things ride or drop before, a few months later, stumbling across us."

Mr Cook and his colleagues put together £10,000 from their own resources two years ago to test the market. In the first year they turned over £20,000; this year it will be £350,000. The business now supports eight full-timers and three part-time contractors and has more than 25 customers including Asda, the Leeds-based supermarket operator, Yorkshire Electricity, Yorkshire County Cricket Club, Leeds City Council, the Harry Ramsden fish and chip restaurant chain and Forte, the hotel group.

Sensei is spreading across the north but good stories about internet usage also help. For example, Yorkshire Cricket Club was pleased when an Indian businessman living in Florida discovered its home page and booked himself into a week's coaching in Leeds.

With its skills at a premium, Sensei has deliberately chosen to operate at the bespoke, top end of the market. Prices start at about £5,000 but Mr Cook says that once booked, customers want more and pay more, especially as business starts flowing from their Web site.

While Sense Internet is in a niche, Planet Online is part of ITE, a bigger, broader Leeds-based computer business with £50m of sales and a rapidly strengthening place in the wider market of supplying not only home pages but also internet connectivity via ISDN and leased lines. It is a wholesaler and competes against BT in London, Pipex in Cambridge and U-net in Manchester but is not in the individual consumer market.

This makes it an internet service provider in the broadest sense, offering heavyweight, electronic infrastructure to information services set up by large companies, such as that of Camelot, the UK lottery operator, or Internet companies further down the chain which sell connectivity to individuals. Leeds United is a prominent local customer. In only 14 months of operation, Planet has won more than 140 internet-aware customers, mainly in Yorkshire and the north but with a growing national spread.

Planet offers home page design in standard formats, priced from £2,000 with increasingly expensive pick-and-mix add-ons, but this is more of a service to corporate customers than a core business.

Its parent, ITE, was founded by Mr Peter Wilkinson and Mr Andrew Kaberry as a computer equipment rental and leasing business but the internet has opened up a bigger opportunity which has been seized by Mr Paul Sykes, the Yorkshire millionaire property developer and prominent Conservative Party Eurosceptic.

All of which is helping to make Leeds one of the most IT-aware cities in the UK. Coupled with traditional Yorkshire loyalties to its own, any competitor and competitive IT business based in the region is almost certain to succeed, as Torch, Planet and even little Sensei seem to be proving.

URBAN PROBLEMS • by Ian Hamilton Fazey

A city of stark contrasts

Public, private and voluntary sectors are uniting to create opportunities

The downside of Leeds' success manifested itself again last month when riot police had to restore order in Harehills, one of the city's poorer districts which has a long-standing drug-dealing and policing problem. Previous summers have seen riots in Chapeltown, near the city centre, and on some outer estates of council housing. Last year a motorist who lost his way in the inner city was killed by a carjacker.

A severely lop-sided spread of unemployment across the city's 33 council wards explains the principal cause of unrest. Fifteen wards in the prosperous suburbs have unemployment rates of 4 per cent or less, with two of them down to 2 per cent each. By contrast, six inner city or outer estate wards are at 14 per cent or worse, with University ward the most difficult at 21 per cent and Harehills second worst at 16 per cent.

Even these figures paint too rosy a picture: the council's computerised records of benefit claimants addresses show serious pockets of multi-deprivation, where some streets have 85 per cent unemployment. Council officials shy away from using the word "blackspots" for these areas in case they offend racial sensitivities, which indicates another important aspect of the problem.

The contrast is even more disturbing when the wider labour market is analysed. The jobless rate for the Leeds travel-to-work area in April - it extends beyond the city boundaries - was only 5.5 per cent, compared with a UK national rate of 5.8 per cent. With overall unemployment within Leeds' boundaries at 7 per cent, this implies large numbers of jobs in Leeds are held by commuters.

Indeed, Councillor Brian Walker, leader of the council, says that although there has been a net gain of 20,000 new jobs in Leeds in 1991-92, there was an increase of nearly 18,000 in numbers of commuters. The service sector grew by 20 per cent to 236,000, while manufacturing



The Big Issue magazine is sold on the streets to help the homeless. Meanwhile, the city council is reviewing its social policy priorities

jobs dropped by 28 per cent to 61,000.

The trend, which most believe has accelerated in the five years since the last census, has favoured qualified or trained middle-class people living in the suburbs or in well-heeled Yorkshire towns outside Leeds. The losers have been inner city dwellers who used to find work readily in local factories that have been shut or downsized.

"When we had a large textile sector, people learned a transferable skill for the garments industry and could switch jobs," says Councillor Tom Murray, chairman of the council's training committee. "Not only have the factories that employed them gone, but so have the informal networks through which about 45 per cent of vacancies are filled in Leeds. In many parts of the inner city, for many people, there is no way into work."

Mr Walker, who became leader 18 months ago when Mr Jon Trickett, his predecessor, won a parliamentary by-election for Labour, immediately ordered a wide-spread review of priorities to complement the organisational shake-up of council services and operations he and Mr Trickett started three years ago.

"We have a budget of £1bn a year and must target it better to do the most good," Mr Walker says. "We have partnerships with the private sector coming out of our ears, but we have hardly consulted the people in economic terms. We have got to switch the emphasis from development issues to people issues. It was a shock to some leaders in Leeds to realise how many people had been left behind."

A former manager with British Telecom, Mr Walker

was seconded full-time for two years to help run Leeds Development Corporation, the government quango wound up last year. With his commercial background, he is used to performance measurement and is unfazed by any unpopularity among town hall staff resulting from his reforms.

His advantage in this regard over Mr Trickett and the latter's predecessor, Mr George Moody, now a Labour whip in the Blair

ministry, is that, with a wider overview.

A dozen functions have been reorganised into three groups - development services, community services and resources - each with a powerful chairman. Mr Walker and the three chairmen form an executive to ensure the resulting management matrix works coherently.

The current review of priorities, which will be completed within six months, aims to channel resources to improve the targeting of economic, social and educational policies. This should make it easier to address the disparities of opportunity creating the present tensions between haves and have-nots.

Mr Murray's training committee, which is part of the community services group, has a crucial role here, as does the Leeds Initiative, a now well-established partnership between the private and public sectors and the universities, which is run by Ms Gill Holt, a planner with wide experience of social housing policy in Liverpool and Sheffield, as well as Leeds.

Mr Murray, head of science in a York comprehensive school, is responding to employers' demands for core skills in literacy, numeracy, information technology, problem-solving and teamwork. Given the flexibility these skills encourage, employers say they will fill in specific vocational training for new workers.

Core skills training is planned in places such as the East Leeds Family Learning Centre, set up in a shut-down, comprehensive school, which will run courses for up to 3,000 people from September. The training committee is also using

intelligence from planning applications to approach employers long before they start recruiting, so that inner city people can be equipped in advance to apply for any new jobs.

Leeds also operates a job placement scheme with employers - its own version of a welfare-to-work programme. People on benefit are placed in work and their benefits are topped up to cover travel and subsistence.

The latter comes via a £1 daily voucher, to be spent at a local supermarket, because the government's Benefits Agency started docking cash payments. The agency was told in May by the new government that it was not to proceed with plans to start docking the value of the vouchers from benefits.

The scheme seems to help make people more employable. "Our experience so far is that 88 per cent of people have got jobs within six months of joining," says Mr Murray.

Ms Holt, meanwhile, has been charged with the task of bringing the community and voluntary sectors into the Leeds Initiative so as to make the partnership more inclusive. The initiative, which began in 1990, now has 14 sub-groups from public and private sectors looking at problems and trying to ensure Leeds benefits more widely from its burgeoning financial services sector.

It has been effective in identifying and promoting common goals and achievable projects, such as cleaning up the city, encouraging development and presenting a united front to potential inward investors.

Tackling inner city community problems, however, looks like being its greatest challenge so far.

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PROFILE YHDA

A prime asset for marketing

YORKSHIRE AND HUMBERSIDE DEVELOPMENT ASSOCIATION, THE INWARD INVESTMENT AGENCY, IS USING LEEDS AS ONE OF ITS TWO PRINCIPAL ASSETS IN A REVAMPED MARKETING CAMPAIGN. THE OTHER IS THE HUMBER ESTUARY, WHERE FOUR PORTS AND NUMEROUS RIVER WHARVES HANDLE MORE THAN 60M TONNES OF TRADE, MOST OF IT BETWEEN THE UK AND THE REST OF THE EUROPEAN UNION.

YHDA IS SHIFTING ITS EMPHASIS TOWARDS EU MARKETS, STRESSING LEEDS' ROLE AS A FULL-SERVICE, REGIONAL CAPITAL WITH EXCELLENT INFRASTRUCTURE TO LINK IT TO WHAT IS NOW THE UK'S LARGEST SINGLE TRADING GATEWAY WITH EUROPE. IT IS APPEALING PARTICULARLY TO NORTH AMERICAN AND GERMAN COMPANIES - STILL THE LARGEST INVESTING NATIONS IN THE UK ECONOMY - AND SWITCHING RESOURCES DEVOTED TO JAPAN AND TAIWAN, ALTHOUGH THERE WILL STILL BE A STRONG PRESENCE IN THE FAR EAST.

THE CHANGE IS BEING DRIVEN BY JOHN SIDDALL, WHO MOVED TO THE YHDA LAST YEAR AFTER HEADING BOTH THE LEEDS DEVELOPMENT AGENCY AND THE LEEDS INITIATIVE. MR SIDDALL HAS A COMPREHENSIVE VIEW OF THE REGION: HE WAS ONCE AN ECONOMIC DEVELOPMENT OFFICER FOR HUMBERSIDE AND BEFORE MOVING TO LEEDS WORKED FOR SHEFFIELD DEVELOPMENT CORPORATION.

THE GOVERNMENT-BACKED SHEFFIELD BODY - WHICH WAS WOUND-UP IN MARCH - HAS ALSO PROVIDED MARTIN LIDDE-

MENT, THE YHDA'S NEW HEAD OF MARKETING.

"LEEDS IS A TREMENDOUS RESOURCE FOR THE REGION," MR SIDDALL SAYS. "HUMBERSIDE IS A TREMENDOUS RESOURCE FOR LEEDS IN REACHING EU MARKETS. THE TWO ARE COMPLEMENTARY AND THIS HAS ALREADY BEEN RECOGNISED BY VOLKSWAGEN AUDI, SFS, THE SWISS FASTENERS GROUP, AND CAMERON, WHICH MAKES WELLHEADS FOR OFFSHORE INDUSTRY IN LEEDS."

LEEDS, HOWEVER, HAS A PROBLEM ATTRACTING NEW MANUFACTURERS BECAUSE ITS ECONOMY IS SO SUCCESSFUL IT GETS NO GOVERNMENT SWEETENERS.

"THE ARGUMENT FOR LEEDS HAS TO BE ABOUT THE COMPETITIVENESS FORCED ON ITS INDUSTRY BECAUSE OF NO SUBSIDIES," MR SIDDALL SAYS.

PERHAPS THE MOST VALUABLE TESTIMONIAL THEREFORE COMES FROM NEIGHBOURING BRADFORD AND PROFESSOR STUART SANDERSON OF BRADFORD UNIVERSITY'S MANAGEMENT CENTRE.

"WHAT LEEDS HAS DONE,

WHICH MANY OTHER CITIES

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FINANCIAL SERVICES • by Ian Hamilton Fazey

Fully-fledged service city

The sector is self-standing but may be inhibited by a continuing skills shortage

Mr Brian Boutilier, senior partner of KPMG and the current chairman of the Leeds Financial Services Initiative, says the city needs more merchant bankers and corporate stockbrokers to improve its effectiveness as a financial centre.

To the casual observer at least this might seem an odd request. Leeds already has four heavyweight merchant banks, though stockbrokers of similar standing are thinner on the ground.

Leeds is already a full-service city in terms of financial services, according to Mr Chris Roulston, Arthur Andersen's corporate finance partner. Andersen's £725m of deals last year included two significant northern ones done from the city - the £24m disposal of Ross Frozen Vegetables by United Biscuits and the flotation of Cartland Whalley and Barker, the Halifax-based industrial investment group.

"Clients no longer need to go to London," Mr Roulston says. "Leeds and Manchester are now automatically on the list for this size of deal and firms such as ours have expanded in line with that demand."

Ten years ago, when Leeds' emergence as a self-standing financial centre was first beginning to be noticed, most deals were smaller, and London provided most merchant banking services. This was despite the presence of St. Singer & Friedlander and NatWest Markets in the city, with N. M. Rothschild & Sons also active from its northern base in Manchester.

Things have changed. Five years ago, Mr William Nabarro and Mr Bob Bigley moved in for Hambros, which now has 10 fee-earning staff, after rising to five soon after opening and doubling in 1994. Singer's and

Brian Boutilier, senior partner of KPMG, would still like to see more London merchant banks in Leeds

NatWest Markets have beefed up their operations and Rothschild has a Leeds office.

Mr Bigley says all of them have three groups of competitors - each other, merchant banks in London, and corporate finance professionals employed by large firms of accountants in Leeds, notably Coopers & Lybrand, Arthur Andersen, Price Waterhouse, Deloitte and Touche, KPMG and Pannell Kerr Foster.

Meanwhile, Coutts is successfully operating a private banking service in Leeds.

Mr Boutilier, however, would still like to see more London merchant banks in Leeds, not only because more competition might stimulate more business, but because this would ensure more of it was kept in Leeds.

Economically, this is a strong argument. The growth of financial and professional services in Leeds in the past 10 years has been a remarkable example of import substitution, with substantial fees now kept in the north rather than given up to London.

Just how big these fees

have become is not something anyone talks much about because of competition.

KPMG's Mr Boutilier and Mr Stuart Connell, his opposite number at Deloitte & Touche, both admit to recruiting specialists for their consultancy businesses in Leeds at more than £100k a year. They are often brought in for specific jobs or types of work and may be headquartered from anywhere, including the US.

Mr Boutilier also has a point about a shortage of stockbrokers, even though a significant development in the last year has seen BWD Reinsburg, one of the UK's few quoted stockbrokers, close down its Huddersfield headquarters - as well as its old offices in Bradford and Leeds - and relocate into a new building on the Leeds-Liverpool canal basin quayside, just over the bridge from KPMG and near Halifax Direct's new telephone call centre in Leeds.

But although BWD owns Northern Registrars - a back-office operation it is keeping in Huddersfield, where floorspace is cheaper

- and although its Quarterly Review is probably the most comprehensive and useful database on UK quoted companies in the English regions, it admits to being in the private client, rather than corporate broking sector.

Henry Cooke, the Manchester-based stockbroker which has regularly sponsored small and medium-sized fixtures, also has an office in Leeds, but of the big national hitters, only Peel Hunt has made a firm commitment.

"Ours is the only truly corporate broking service in town," says Mr Robert Martin, who joined from Coopers & Lybrand in Manchester to take charge last year. "Our only private clients are the chief executives and senior managers of our corporate clients. With lawyers and accountants, you do not have to go to London. In our market, you do, I think the lack of local competition is probably an inhibiting factor for Leeds."

Another potentially inhibiting factor appears to be skills shortages. "We are desperately short of people," says Mr Boutilier, even though KPMG now employs more than 400 in Leeds. The appetite for professionals in Leeds appears insatiable. We think we will need at least 150 more people in the next five years. With normal rates of attrition, that will mean recruiting about 250, or one person's week from now on. We now have three people doing nothing else but recruitment."

With the labour market so vigorous and the top rewards so high, Leeds has clearly established itself in the national marketplace for financial services, despite the odd weakness.

It has also become more confident. Mr John Howley, chief executive of the Financial Services Initiative, cheerfully admits Leeds has cancelled its membership of the European Association of Regional Financial Centres, a cachet much prized by Manchester. "The European mainland membership seems based on regional stock exchanges, so there has been little in it for us to justify the expense," Mr Howley says. "We know what we are about and don't need it."

The wars of the roses are relegated to sporting arenas as trans-Pennine links are forged

Though the rivalry will go on at cricket matches and other sporting events, the wars of the roses - the white rose of Yorkshire versus Lancashire's red - appear to have come to an end among the firms of northern England's leading professionals.

Two years ago, Eversheds, one of Leeds' "big five" law firms, merged the fee income and management of its Manchester and Leeds offices. The larger Yorkshire office took charge. This year, two other significant legal mergers confirmed this trans-Pennine trend.

Manchester's Addleshaw Booth Latham & Sons and Leeds' Booth & Co now operate as Addleshaw Booth, a gigantic managing partner, a Yorkshire managing partner and 891 staff, pulling in revenue of £42.5m a year.

Equally important, the Leeds-headquartered Dibb Lupton Broomehead merged with Alsop Wilkinson, itself formed from a merger of Manchester, Liverpool and London firms in the 1980s. It now operates as DLB Alsop.

Dibb Lupton Broomehead was already in Manchester. Like Hammond Suddards, another Leeds giant, it opened there in the early 1980s, and has been growing ever since. The reason for invading Manchester was simple: although many north-west companies hesitate to go to Leeds for specialised legal services, they will happily buy them from a Leeds firm in Manchester.

The opposite argument is generally true in much of Yorkshire and Humberside, although there has always been some confusion and blurring of territorial claims.

For deep historical and cultural reasons, some Sheffield companies, for example, prefer Manchester to Leeds. Moreover, Manchester has

always done well out of Huddersfield, while some north-east Lancashire companies have favoured Leeds and reading en route."

The one big Leeds firm to resist either a trans-Pennine alliance or colonisation of Manchester's "square half-mile" has been the former Simpson Curtis, although with Addleshaw and Booths virtually betrothed for the past three or four years - there may well have been a lack of candidates with a similar in-firm culture.

However, the firm is now Pierson Curtis, a north-south alliance between Leeds, Birmingham, and London. London figures prominently with most of the firms involved, which have either built up substantial London offices or acquired them through mergers.

Only Addleshaw Booth adopts a different stance:

"We are setting out to be the firm of the north operating nationally," says Mr Paul Lee, the senior partner. Addleshaw Booth is underlining its financial strength, as well as northern and trans-Pennine commitments, by relocating to expensive new buildings in Leeds and Manchester this year.

Of them all, it is the only one that is truly led from Manchester, although it has tried to play this down by adopting Leeds' civic colours of blue and gold as its corporate colours. Just as Leeds' entrepreneurial lawyers have been the driving force in the city's emergence as a self-standing financial centre, so they are also leading in establishing a single northern market for heavyweight legal services.

They have undoubtedly done a lot of damage already. One sign is that some London firms are now trying to undercut northern prices by pitching unprofitably low against them. The trans-Pennine warriors seem to be relishing the fight.

With the wars of the roses over, the north-south divide looks like being the next challenge for these doughty entrepreneurs.

MERGERS • by Ian Hamilton Fazey

Traditional rivalries are being swept aside



Fergus Miller

CALL CENTRES • by Chris Tighe

New world of work

A community of 'lifelong learners' is appearing as training is transformed

This week a group of unemployed people will be at Halifax Direct's award-winning call centre in Leeds for introductory training in communication, computer and customer service skills.

The two-week course, designed to prepare those attending for an interview as potential customer liaison officers at the call centre, has been developed by Halifax Direct and East Leeds Family Learning Centre.

The Family Learning Centre, a partnership between the city council, the further education sector and employers, is based in an area of council estates that have yet to feel much impact from the growth of Leeds' financial services sector.

The centre, established last September in a disused school in Seacroft, aims to tackle high local rates of unemployment by developing East Leeds as a business

city of "lifelong learners", improving educational achievement and championing the message that local people can find a role in the new world of work.

The current training course at Halifax Direct is the centre's first foray into opening up call centre recruitment to local people. Centre manager Mr Chris Pest says: GE Capital, another of Leeds' big call centre operators, has agreed to become involved in a similar programme.

For the Family Learning Centre, the benefits of such an initiative are obvious. Leeds now has more than 25 call centres, employing more than 10,000 tele-operators and customer service agents.

The Leeds Financial Services Initiative says most of these call centres are expanding. It estimates that this year they will recruit more than 3,000 additional employees.

The round the clock, flexible working patterns of call centres - GE's is said to offer 270 possible shift patterns - may make such employment feasible for those needing to juggle work and family responsibilities.

Leeds had a pioneering role in this development: it was here that First Direct in 1989 set up the UK's first all-telephone banking service. First Direct's Leeds call centre is now also the UK's largest, with 3,500 employees.

The city has also seen the evolution of older retail credit operations into call centres, epitomised by the customer service organisation Ventura, which works as an outsourcing partner for companies including Cellnet, the Co-operative Bank and BT Mobile.

A member of the Next Group, Ventura was formerly known as Ciba 24. Established in the 1980s, it originally provided and administered credit facilities for the Leeds-based high street tailor Hoptworths. Ventura has doubled its workforce since 1984 and is now recruiting a further 100, bringing its call centre workforce to almost 4,500.

Leeds, with its concentration of call centres in direct banking, insurance, retail and credit services - its call centre operators include the AA, Barclays, Direct Line, First Direct, GE Capital, Green King, Halifax Direct, Privilege Insurance and Venture - stakes its claim to be the UK's financial services call centre capital.

"Leeds is a big telecommunications centre, there's a lot of telecommunications fibre power," says Mr Andrew

Dowson, an independent management consultant who co-ordinates the Regional Call Centre User Group, a self-help industry forum comprising more than 40 call centre companies in Yorkshire and Humberside.

Leeds has a total workforce of around 350,000 but, with an estimated 60,000 people now employed in financial and legal services, is there a risk that the local supply of new recruits is drying up?

Mr Dowson thinks not: "There's a tremendous pool still to take in Leeds." He adds, however, that "a number of providers would say they have no problem recruiting; others would say they do." The issue, he says, is what people are paying, including wider employee benefits, relative to others. The Call Centre User Group has recently conducted a pay and benefits survey, to give its members a clearer picture.

Mr Dowson maintains Leeds' call centres are not facing a skills shortage, but Ventura, announcing its latest recruitment drive last month, said the expansion of telephone-based customer service advised jobs in the city had created a drain on the available resources.

The industry is now attracting personnel from other professions - care workers, retail staff and hairdressers - who have the right communication skills, attitude and empathy to do the job effectively," the company said.

One commercial reason for trying to increase the number and range of local people employed in call centres, is traffic congestion.

Mr Anthony Ruane runs the mortgage arrears and commercial debt recovery call centre in Leeds for the solicitor Addleshaw Booth. It employs almost 200 people.

Four years ago Mr Ruane, who lives just north of Leeds, used to leave home at 7.30am to be at his desk by 7.50am; the build up of traffic means it now takes him until 8.30am. "We are stuck in people from outside the city who are prepared to travel, but we are still looking at this mass of people who are unemployed," he says. "That's very unfortunate for our city."

Recent local landmarks

Newcastle United PLC

£190 million
Flotation

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February 1997

Iceland Group plc

£118 million
Reduction of Share Capital

Adviser
March 1997

Lancashire County Council
and
United Waste Limited

£50 million
Joint Venture

Adviser
March 1997

DBS Management plc

Acquisition of
AssureSoft Limited
and
Introduction to the
Official List

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4 LEEDS

TOURISM AND CULTURE • by Chris Tighe

Short break policy may reap rewards

Up-market shops and lively new attractions hint at continental lifestyle

As a manufacturing centre and a major focus for financial and professional sector firms, Leeds enjoys national credibility.

However, persuading those south of Watford that Leeds has "warmly embraced the continental lifestyle", as its publicity asserts, is likely to be a more difficult even though the recent opening of Harvey Nichols has done much to boost its image.

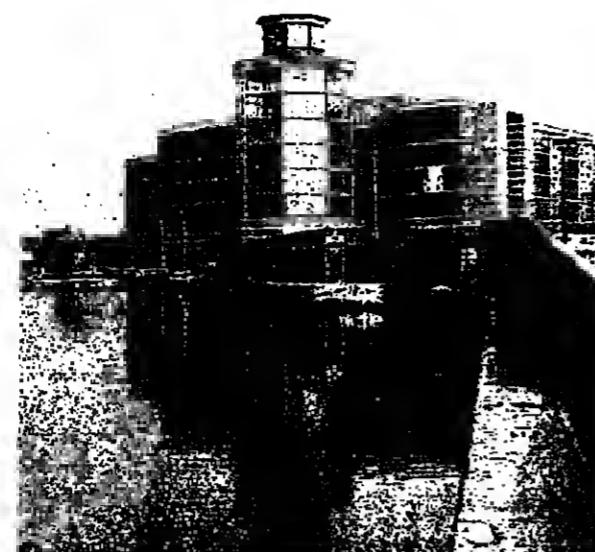
As a retailing inward investment Harvey Nichols has brought home to a wider audience that Leeds serves a catchment area with plenty of affluent high spenders and offers up-market shopping.

It also highlighted the beautiful Victoria Quarter, an area of renovated Victorian arcades, covered by the largest stained glass roof in Europe and renovated with mahogany and glass shopfronts, with names gilded in Art Nouveau lettering.

The city centre's shopping attractions also include its Victorian Grade One listed Corn Exchange, once the main centre for corn trading in the West Riding and now home to more than 50 retail outlets, and its recently restored Edwardian Kirkgate Market. This building stands on the site of the Market Hall where in 1881 Michael Marks set up a Penny Bazaar, from which grew Marks & Spencer.

The big challenge for those marketing Leeds is to persuade potential visitors from the UK and overseas, that Leeds is a tourist destination.

"International visitors are destination-led, not attraction-led," says Mr Julian



The Royal Armouries, stunning as many of the displays and artefacts are, marketing such subject matter is complex

an understanding of art, design, English and science as well as history but, he adds: "We have a strong marketing effort to convince primary school teachers."

Original projections of annual visitor numbers were, says Mr Rawel, optimistic; by the end of 1995 the expectation was 400,000 - 700,000. He expects this current year to show a slight rise on the first year's figures. To widen its appeal the museum is currently hosting the world's first official James Bond exhibition, bringing together more than 350 objects from all over the world synonymous with Bond, including the Aston Martin DB5 from *GoldenEye*.

Corporate entertainment at the Royal Armouries, ranging from small dinners in the Pincent Curtis gun room to a Caribbean evening for First Direct and large conferences, has exceeded the projections. It will this year generate more than £1m income.

Another new attraction in the city is the £5m Thackray Medical Museum which opened recently. Based on the private collection of the long-established Leeds surgical instrument makers, Chas F. Thackray it includes a walk through a reconstructed back street in Leeds of the 1840s, to show how living conditions determined relatives.

Leeds can and expensive national promotes itself as a short break destination, a route which, says the city council's leisure services senior assistant director Denise Preston, will pay long term dividends for the city.

Stunning though many of the displays and artefacts are, marketing such subject matter is complex; the official opening by the Queen just three days after the Dunblane school shooting highlighted the sensitivities.

Visiting the Armouries, says Mr Rawel, illuminates

INDUSTRY • by Chris Tighe

A pioneer of diversity

Productivity grows in one of the UK's oldest and most profitable manufacturing centres

Despite the heavy focus in recent years on Leeds' growth as a financial and legal centre, it remains one of the UK's largest manufacturing centres.

"We're still a very big manufacturing city," says Mr Peter Hill, chief executive of the Leeds Engineering Initiative. "Let's about it a bit."

With around 1,800 manufacturing companies, Leeds has a concentration exceeded in Britain by only Birmingham and Leicester, outside the combined London boroughs. The city has rising productivity and a shrinking manufacturing workforce, from 213,000 at the start of the 1980s, to 114,000, or half that today.

The contracting out during the 1980s of many factory functions like catering, security, cleaning and plant maintenance has meant re-categorisation of employees such as service sector workers, so the sector's remaining jobs are focussed on manufacturing.

The city's manufacturing sector has had a number of capital investments over the past decade. VAW, the largest independent aluminium foundry in Europe, which specialises in aluminium cylinder heads and blocks for the international automotive industry, has invested £50m in its Leeds operation since 1990.

Cooper-Cameron, one of the world's major manufacturers of oilfield, wellhead and production equipment, has invested more than £20m at its 25-acre south Leeds site in the past five years.

Mr Hill hopes the current construction of the A1/M1 link-road south of the city will trigger more investment, especially in south Leeds, an area traditionally associated with manufacturing.

Inches in part to heavy capital investment, the city's 55,000 manufacturing sector employees produce a vast range of products, many competing in world markets, and valued at more than £4bn per year.

"The future prosperity of the Leeds economy," says city council leader Mr Brian Walker in the Leeds Engineering Initiative's 1997 digest, "is inextricably linked with the continued well-being of the city's manufacturing base."

The 19th century prosperity of Leeds was rooted in coal, iron and the manufacture of woollen cloth. But unlike some other northern centres which underwent an industrial revolution between 1750 and 1850, Leeds developed a diversified industrial base - something on which it still prides itself.

By the start of the 20th century, engineering was the city's largest employer, but Leeds was a centre for printing, paper manufacture, glass production, dyeing, drugs and pharmaceutical products as well.

It also pioneered the mass produced clothing industry; it is estimated that nearly 50 per cent of men's suits worn in pre-war Britain were produced by the "wholesale bespoke" factories of Leeds.

Burton, John Collier, Jackson

the Tailor and Huggett all became household names.

Despite creating dramatically different workplaces from these tailoring factories, today's call centre phenomenon shows these evolutionary roots; Ventura grew out of the administration of Huddersfield's credit facility, and retail credit specialist GB Capital is located in the former Burton complex.

Some local businesses are today less local than they appear since there has been a growth in acquisitions by foreign-owned companies. By 1995, 29 of the 141 manufacturers employing more than 100 people in Leeds were foreign-owned, with most of the city's major engineering companies not now in UK ownership.

"They are more willing to invest but decisions aren't taken in Leeds," says Mr Hill.

Engineering accounts for 38 per cent of manufacturing employment in Leeds; the sector includes a great diversity of companies and products, ranging from battle tanks, centrifugal pumps, ball valves and roof and cladding fasteners to air conditioning equipment, materials testing machinery and anti-corrosion coatings.

The sector includes one of the oldest, continuously occupied industrial sites in the world - GKN Axles' Kirkstall Forge. Cistercian monks established an abbey at Kirkstall in 1151 AD, founding an iron forge near a site which remains

in operation, participating in axle production for world markets.

Leeds is the second largest print centre in the UK with around 400 companies. Paper and print employment in the city stood at 11,110 in 1995; it is expected to grow by 4 per cent between 1996 and 2005. Significant companies include lottery scratch card printers Opax International and Waddington Chorleys PFB, who carried out the largest print and direct mailing project ever, the Halifax flotation.

Employment in clothing and textile manufacture fell from 14,500 to 6,300 in the city between 1981 and 1991. Currently, there are about 10,500 working in the sector, resulting from an increasing trend towards part time, casual and home working. Other important sectors in the city include furniture making, process industry and food and drink.

The Engineering Initiative, funded jointly by Leeds City Council, Leeds Training and Enterprise Council and engineering companies in the city, aims to promote Leeds as a centre of engineering excellence.

Originally launched in 1981, it lost impetus as companies grappled with the recession, but has now been relaunched with the aim of being much more company focussed. The number of companies involved has risen since the relaunch from five to 30.

The initiative's mission, Mr Hill says, is to aid competitiveness by promoting the sector and developing partnerships between companies, agencies and others, such as universities and colleges.

"Networking is not a natural culture in the engineering sector because it's skills-based rather than people-based," says Mr Hill. "It's tended to be a bit insular, but that's changing."

At present, the initiative is assessing the current levels of skills in the city, to estimate companies' future needs and developing the training provision necessary to fulfil them.

The "Vision for Leeds" programme started by the city council and Teeccno may lead to the expansion of the Engineering Initiative into a wider Leeds Manufacturing Initiative, ensuring that manufacturers are in the limelight.

"Of course, manufacturers would always claim they create all the wealth," says Mr Hill.

SPORT AND ENTERTAINMENT • by Patrick Harverson

Looking for the big event

The city council has approved a stadium on the model of Madison Square Garden

Civic envy is a powerful motivating force.

The Yorkshire city of Sheffield has two professional football clubs, an ice hockey team, a basketball team and an impressive indoor arena.

In contrast, Leeds has only one football club, no basketball team, no ice hockey team and no indoor sports arena. The county's largest city does not even have an ice rink - huddling Torvills and Deans have to travel to Bradford.

This situation, however, is about to change - much to the approval of those in Leeds who have felt the city's leisure facilities have lagged behind Sheffield's for far too long.

In May, Leeds city council finally approved an indoor sports and entertainment arena, subject to funding and planning. After several years of hand-wringing about whether municipal funds should be used to finance its construction, the bid to build the arena was awarded to Caspian, the stock market-listed company that owns Leeds United football club.

Caspian was chosen over a rival bidding group called StadiVarios led by the sports promoter Patrick Nally.

The decision to choose Caspian was absolutely crucial to the company's future. Without the arena, its long-term ambition to build a multi-sports, leisure and media group around the core Leeds United business would have been.

It was not an easy victory, however: at various stages, Caspian's negotiations with Leeds council - which owns both Elland Road and most of the land around the stadium - ran into difficulties.

It was these difficulties that partly led to the surprise resignation in April of Mr Robin Launder, Caspian's chief executive, amid allegations that his poor relationship with senior members of the council was threatening to scupper the deal to sell the freehold of the stadium and lease surrounding land to the company.

However, by May the differences had been settled and Caspian was able to start planning the building of the 13,000-seat arena. Mr Chris Akers, Caspian's chairman, now says construction on the project - which includes the redevelopment of the Elland Road west stand that will adjoin the

area - should begin next January. A provisional completion date of summer 1999 has been set.

The arena's main purpose will be to host ice hockey and basketball games. Earlier this year Caspian paid a substantial sum of money to the Sheffield Steelers to split the ice hockey Superleague franchise in Yorkshire and make room for a new Leeds team, and the company has also applied to set up a professional basketball team.

The arena will be designed to hold boxing matches, equestrian and tennis competitions and stage rock and classical concerts, ice shows, circuses and other entertainment events. Additionally, there will be 38,000 sq ft of exhibition space. Akers forecasts that if Leeds United can increase its attendances at Elland Road, the entire site - including its ancillary leisure facilities - could attract 2m people every year.

With 10m people living within an hour's drive of the arena, there should be no shortage of demand if the project is right.

Caspian's blueprint for the Leeds Arena is Madison Square Garden (MSG), the multi-sports and leisure complex in New York city that hosts two top sports franchises, big boxing matches and a vast array of entertainment events. Combined with its own all-sports television channel the Garden turns over \$500m of business for its owners, Cablevision, every year.

While it is difficult to imagine a Leeds-based sports and leisure group ever matching MSG in size or status, Caspian is confident the concept can work in Yorkshire. It is particularly keen to develop its media interests so that when the day comes it will be able to broadcast live coverage of Leeds football, basketball and ice hockey games exclusively on its own regional television channel.

These are long-term ambitions, however. In the

short-term, Caspian must put together the funds for the arena. The cost is likely to exceed £20m (including the redevelopment of Elland Road's west stand and acquiring the freehold of the stadium), and it will be funded privately, with Caspian aiming for both debt and equity financing.

If there is a rights issue it is likely to be announced in the last quarter of this year, and the sale of shares would probably raise about £20m. Equity could also be privately placed with a corporate or institutional partner.

The fact that local government will not have to dip into its pockets was a big attraction of the Caspian

bid, says Mr Ed Anderson, executive director of development at Leeds city council. "The beauty of it is that, unlike earlier proposals, there's no request for council funding," he says.

The arena is expected to boost the local economy further by creating about 300 full-time jobs, and generate employment indirectly for another 300 people.

Finally, there are the intangible benefits, such as improvements in Leeds' status. As Anderson puts it: "There has been a gap in the city's asset base and it's been an aspiration for several years to have an arena. We're hoping it will bring a lot of profile to Leeds."



Sporting chance: an artist's impression of the arena, which could attract 2m visitors a year



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ARTS
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ARTS

Dance goes to the guillotine

Clement Crisp suffers some costive choreography and a butchered classic in Paris

They were not, as the week began, the happiest couple of days I have spent in Paris. Not because of the steady drizzle of rain, which does nothing for the joy of life on the boulevards, but because of an unrelenting downpour of lumper choreography owed to William Forsythe and John Neumeier, which does nothing for the joy of dancing.

At the Théâtre du Châtelet, Forsythe's Frankfurt Ballet was making its customary summer visit. The season's novelty was *Sleeping Guts*, a corporate effort by Forsythe and seven of his dancers, incomprehensible as to title, and as bulkily uncommunicative as anything I have seen Forsythe make in the past. The ingredients are those we have seen before with the Frankfurt troupe - the piece, indeed, seems a corporately conceived cliché about "what we like to do on stage".

There is an omnipresent feeling of gloom. Four girls gabble. Video projections and tiny slogans are manifest. The sound-track grates on the ear.

The setting is a place of desolation. The dancers indulge in those self-contained, self-centred activities that look as if movement has knotted itself irrevocably inside their bodies and can find no way out.

Pretentious, intellectually costive, it is dance as a form of added theorising about the nature of vision, of space, of time. It is peculiar and awful, and will - I venture - eventually disappear up its own deconstructed fundamentals. I record that it was greeted by its devoted audience with enthusiasm. The tragedy for me is that Forsythe can make dance of an aggressive and fascinating power. But neither he nor his acolytes have done anything in this new work but strike Frankfurt attitudes - alienated, embattled, dull.

Rather more serious, and far more disappointing, was the new *Sylvia* that the Paris Opéra Ballet commissioned from John Neumeier, which had its premiere on Monday night. In a self-righteous programme-note, Neumeier declares that it is "normal to keep a certain distance from the music and rid the work of its 'operetta' elements which have seduced certain choreographers". If only Neumeier had allowed himself to be seduced! And not kept his distance. We would have been spared a score severely cut (but bolstered with interpolations from Delibes' early *La Source*), and one untroubled to support an added scenario and choreography both harsh and yielding.

Delibes' miraculous score (Tchaikovsky, rightly, preferred

it to the *Ring* cycle) is the ultimate "musique dansante", whose effortless melody, rhythmic vitality, luscious textures, positively invite dance. It is one of the masterpieces of 19th century music. Its original narrative was pretty, very much in the *école* pompe manner, and none the worse for that. (Ashton showed that it could work in one of his greatest ballets.)

Neumeier has substituted an awkward updating, with *Sylvia* awakened to passion by Cupid (who is also the villain Orion, who seduces her, and an obliging shepherd) and returning after a passage of years to find her true love Aminta, although she is - apparently - now married to someone else. Pah!

If the narrative is clogged with excess mythic baggage, the dance is so resistant to the score's beauties, so mannered in its modernities, so devoid of feeling or even good old-fashioned sparkle, that it seems downright cussed in its determination to reject Delibes. This is ballet as comic strip.

Visually the piece is also a muddle. The sets by Yannis Kokkos are massively simple. The Garnier stage becomes a green box containing only massive blue trees and a blue rock for Act 1. A white box with a monumental male torso is the setting for the first scene of Act 2 - a hall-room of glacial charm - while the second and final scene is the forest in winter. (Neumeier has condensed the action as he has butchered the score.) Clothing is modern

and largely hideous. Diana and her huntresses are got up like the Lesbo Home Guard. Sylvia returns in the final scene in an ochre New Look outfit that suggests she is someone's concierge. Cupid is very cute in red dungarees and baseball cap.

Faced with this, the Opéra dancers labour with all their prodigious skills. To read the cast-list is to salivate in anticipation. Monique Loudières is Sylvia; Elisabeth Platel is Diana; Manuel Legris is Aminta, who loves Sylvia; Nicolas Le Riche is Cupid, Orion and Thysse; José Martínez is Endymion, Diana's beloved.

These peerless artists do everything except recite. *Excalibur* is an attempt to make sense of what they have been given. Loudières suffers

beautifully. Platel, once rid of an Amy Johnson helmet, is commanding and dominating, and looks stunning in white tie and tails, as she does in black velvet (please don't ask why). Legris agonises, and is a marvel. Le Riche, that phenomenal talent, has a

different walk, even a different physique, for each role. Martinez begins the ballet asleep by the blue rock, and must play the somnambulist throughout, save when trapped in a duet in which he has to partner Platel while both lie on the floor. It amounts to persecution. The corps de ballet are elegant, high-stepping, and get the best choreography of the evening. Finally, the curtain falls - like a guillotine-blade on Delibes' beautiful ballet.

Re-doing the old classics (and *Sylvia* has an honourable identity at the Opéra) is a dangerous game. It is one totally lost in this new staging. Let us have back the charming version that Lyceée Darsouval danced and then re-mounted at the Opéra. It honoured one of the masterpieces of French music. It honoured French ballet.

Opera/Richard Fairman

Return of the ageless heroine

If only prima donnas could live for ever. They could study to make themselves perfect vocal technicians and still be beautiful and shapely - like Emilia Marty, the ageless 327-year-old heroine of Janáček's opera.

When Glyndebourne decided to put on *The Makropulos Case* at last year's festival, they chose to give the all-important title-role to Anja Silja, a living legend of the operatic stage. This season the production is back and Silja is back with it. It is difficult to imagine the opera at Glyndebourne without her: the casting department would surely go into a spin, like a film director finding out that Caro or Dietrich would not be available.

There were a few gasps around my seat when she let fly with her full voice in the last act. Audiences in the Sussex Downs do not often get to hear a Wagnerian dramatic soprano, even an ex-Wagnerian like Silja, and it makes an impressive sound in a medium-sized theatre like this. Never mind the slow wobble: the voice is still mightily authoritative and actually seems in better condition now than when I first heard her more than 20 years ago. That must be the Emilia Marty effect.

To be fair, there have been other sopranos who have made a name for themselves in this glittering role, not least Elisabeth Söderström, when she appeared with Welsh National Opera in the early 1980s. It may have been difficult to have her over the orchestra, because her voice was two sizes too small, but as a piece of acting her Emilia Marty was unforgettable in its complexity and fascination.

Silja just walks on, a living icon, and stands there. But she radiates a charisma that is positively nuclear and anybody else on stage who comes within a few paces of her risks third-degree burns.

That is not to say that Glyndebourne has not

assembled a good supporting cast. Donald McIntyre makes a tough adversary for her as Jaroslav Prus, although he does not sound happy singing Janáček: there is too much pushing as he manoeuvres the voice around to find the notes, which grates on the ear.

By contrast, Kim Begley makes the horribly bight tenor role of Albert Gregor sound easy. Andrew Shore and Anthony Rothen are very able as the legal team, Dr Kolenatý and his clerk Vítek. Manuela Krásáková makes a sweet Kristina and Christopher Ventris works hard to look and sound wimpy as young Jáněk. If without complete success. In his five minutes as batty old Hauk-Seedorf, Robert Tear, as resourceful as ever, does his best to steal the show.

All of them would have benefited from the volume control being turned down in the pit. In this awkwardly-lying music the singers need all the help they can get, but the conductor Andrew Davis was more interested in showing off how superbly the London Philharmonic had mastered every detail of the score. He sees Janáček unequivocally as a 20th-century composer and so the music's wisps of lyricism were swept aside by aggressive rhythms and sharp-edged colours - a hard view of the opera, but engrossing in its own way.

It all adds up to a powerful revival of Nikolai Lehmann's original production. Despite its clever references to the passing of time, I happen to think this staging gets no nearer to the heart of the subject than the others of recent years, but that is no reason to hold back. If you are interested, see it now. Despite what Emilia Marty tells us, good nights at the opera do not last for ever.

Living legend: Anja Silja as Emilia Marty in Janáček's *The Makropulos Case*



Living legend: Anja Silja as Emilia Marty in Janáček's *The Makropulos Case*

INTERNATIONAL ARTS GUIDE

BAD KISSINGEN

CONCERTS
Kissinger Summer Festival
Tel: 49-971-607110
• Vladimír Válek conducts the Czech Philharmonic in works by Smetana, Prokofiev and Dvorák; at the Regentenbau; Jul 4 • Panocha Quartet; with András Schiff in works by Dvorák; at the Tattersall; Jul 5

• Royal Philharmonic Orchestra: in works by Beethoven, Britten and Haydn, with piano soloist Barry Douglas; at the Regentenbau; Jul 6
• Roberto Abbado conducts the Munich Radio Orchestra in a programme of arias, with soprano Gabriele Benáčková and tenor

Alfredo Portilla; at the Regentenbau; Jul 9

CHELTENHAM CONCERTS

Cheltenham Festival Tel: 44-1242-227979
• BBC Philharmonic: conducted by Vassily Sinaisky in Brahms' Symphony No. 1 in C minor, a new work by John Buller and Tchaikovsky's first Piano Concerto, with pianist Boris Berezovsky; at the Town Hall; Jul 5

• RNCM Wind Orchestra: conducted by Tim Reynish in works by Mendelssohn, Sallinen, Strauss and Mozart; at the Town Hall; Jul 6

• La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 8, 9

• Die Fledermaus: by J. Strauss, sung in English by the European Chamber Opera; at the Everyman Theatre; Jul 10, 11

DROTNINGHOLM OPERA FESTIVAL

Drottningholms Slottsteater Tel: 46-8-4570600
• Euridice: artistic director Per-Erik Ohm has chosen two of the first operas ever written for his first year at the festival's helm. Jacopo Peri's opera dates from 1600 and this is its Swedish premiere. Produced by Karl Dunér, and designed by Peder Frelli, with the Drottningholm Theatre Orchestra conducted by

Jakob Lindberg; Jul 5, 8, 9, 11

GRAZ CONCERTS

Styriarte Festival Tel: 43-318-825000
• Lamento: the "Red Byrd" vocal ensemble performs a programme around Monteverdi's *Lamento d'Ariane*; at the Schloss Eppenberg; Jul 6

• Nikolaus Harnoncourt conducts the Chamber Orchestra of Europe in the complete Brahms symphonies, presented as a cycle for the first time, as the Beethoven and Schubert symphonies have been presented here in the past. Symphonies 1 and 2 are performed on 4th and 9th; 3 and 4 on 7th and 10th; from Jul 4 to Jul 10; at the Stefaniansaal

OPERA

• La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 8, 9

• Die Fledermaus: by J. Strauss, sung in English by the European Chamber Opera; at the Everyman Theatre; Jul 10, 11

LONDON CONCERTS

City of London Festival Tel: 44-171-638-8891
Bernstein's *A White House Cantata* - Kent Nagano conducts the London Symphony Orchestra in Bernstein's reworking of the score of his unsuccessful musical, *1600 Pennsylvania Avenue*; at the Barbican Hall; Jul 8

OPERA

• Royal Opera House Tel: 44-171-304 4000
Simon Boccanegra (1857); British stage premiere of this, the original version of Verdi's opera. Mark Elder conducts, Ian Judge directs, Sergei Leiferkus, Plácido Domingo and Kállert Esparan star;

Jul 4, 8, 10

London Coliseum

Tel: 44-171-632 8300
Don Pasquale: by Donizetti. Revival of last season's English National Opera production, directed by Patrick Mason. Richard Angas sings the title role; Jul 4

DANCE

Royal Opera House Tel: 44-171-304 4000
The Royal Ballet's mixed programme includes Twyla Tharp's *Push Comes to Shove*, William Forsythe's *Stepport*, and *Symphony in C*, choreographed by Balanchine to music by Bizet. The final performance will be the last ballet at Covent Garden before the theatre closes for renovation; Jul 5, 9

EXHIBITIONS

National Gallery Tel: 44-171-939 3321
Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to Sep 28

NEW YORK CONCERTS

Lincoln Center Festival 97 Tel: 1-212-575 5030

• New York Philharmonic at Avery Fisher Hall. Conducted by Kurt Masur in the first of three programmes celebrating the work

of Osmo Colemen, whose octet Prime Time joins the orchestra in a performance of Skies of America; Jul 8, 9

• Osmo Colemen; with Charles Hadley and Billy Higgins plus guests; Avery Fisher Hall; Jul 10.

• Osmo Colemen and Prime Time with dances, rap and video artists in a special expanded version of *Tone Dali*; Avery Fisher Hall; Jul 11

EXHIBITIONS

Metropolitan Museum of Art Tel: 1-212-878 5500
The Glory of Byzantium: exhibition celebrating the Second Golden Age of Byzantine civilization from mid-9th to mid-13th centuries; to Jul 6

SANTA FE OPERA

Opera Santa Fe

Tel: 1-505-988 5900

• Così Fan Tutte: Kenneth

Montgomery conducts Mozart's opera, sung in English, in a new production directed by Nicolette Mohn and designed by Bruno Schwengle; Jul 4, 11

• La Traviata: Linda Brynner

directs a new production of Verdi's opera, set in the Parisian demimonde and conducted by John Crosby; Jul 5, 9

SCHLESWIG-HOLSTEIN CONCERTS

Music Festival

Tel: 49-431-567080

• NDR-Sinfonieorchester:

opening concert of works by Schoenberg and Mahler conducted by Herbert Blomstedt; with soprano Karin Armstrong; at the Musik- und Kongresshalle, Lübeck; Jul 5, 6

• The Camerata Academica Salzburg: performs a programme of works by Mozart and Schubert, conducted by Jordi Savall; at the Schloss, Kitz; Jul 7, 8

EXHIBITIONS

• Moses and Aron: by Schoenberg. Co-production between Oper Leipzig and the National Theater Welsmar, in a staging by George Tabori, with sets by Gottfried Pilz, Mette de Monti; Moses, Hans Aschenbach is Aron. George Alexander Albrecht conducts the Gewandhausorchester Leipzig; at the Staatsoper, Hamburg; Jul 9

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• Zdenek Macal conducts the Boston Symphony Orchestra in works by Brahms and Mozart, and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 5

• Boston Symphony Orchestra:

conducted by Seiji Ozawa and John Williams in a programme of works by Rouse, Barber and Copland, with violinist Gil Shaham and the Tanglewood Festival Chorus conducted by John Oliver; at the Shed; Jul 6

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COMMENT & ANALYSIS

Philip Stephens

No hard labour

Blair's government has made a good start, gliding over its first hurdles, but the real test will come in adversity

Two months in and we know more than we could have expected of the character of Tony Blair's administration. It has glided over its first hurdles. A peace treaty has been signed with Europe; a Budget has been blessed by the financial markets; Hong Kong has passed to China without inconvenient incident. Peer closely and you can also make out the rocks scattered across the road ahead.

We will return to those in a moment. For now, the honeymoon continues. The nation's dalliance at its election of the Conservatives still makes the political weather. Rarely has a governing party been so ruthlessly reduced to irrelevance; never before has an electorate so exulted in the exercise of its prerogative. The laying bare of more Tory sleaze in Sir Gordon Downey's report yesterday on the case-for-questions affair is further vindication of the voters' judgment.

Mr Blair, though, has also made his own good fortune. Even as they determined to depose John Major, there were plenty of voters harbouring doubts as to whether in the event Labour would be half as "New" as it promised. In eight short weeks the anxieties have been largely exorcised. Sure, the prime minister has bent the odd pledge. But mostly he has governed as he campaigned.

Mr Blair was fearful too that a party so unpractised in operating the levers of power could quickly gain a reputation for incompetence and indecision. In the event, the charge has not even been laid. If there is criticism that strikes home, it is the reverse. New Labour has already acquired something of a swagger.

The risks that the economy will be blown off course during coming months are real. Gordon Brown, author of this week's Budget, knows no

more than the rest of us whether the boom will inevitably lead to bust. As for the slow strangulation of manufacturing by a vastly overvalued pound, he has told us that too lied with the gods.

I include myself among those who believe the chancellor should have done more to persuade consumers to keep their wallets in their pockets. You do not have to believe in fiscal fine-tuning to advocate a role for taxation in rebalancing the economy.

But the significance of the Budget lies elsewhere. It spoke eloquently to a different concern. Had New Labour really eschewed its profligate past? Could a party of the centre-left define itself outside the old trammel of more spending and higher taxes?

Both questions have now been answered in the affirmative. The overall Whitehall spending targets for the next two years may be a triumph of optimism over experience. Yet no one could accuse Mr Brown of imprudence in the setting of the limits on public borrowing or in the economic assumptions on which they are based.

As to New Labour's political mission, it is there in the Budget's welfare-to-work programme, inclusive.

Could the party define itself outside the old trammel of more spending and higher taxes? The question has now been answered in the affirmative

ness is the word that counts. One Nation social democracy is another way of putting it.

Mr Brown is not alone in bringing a different set of values to his post. At the Home Office Jack Straw sounds as tough as any Tory on the need to catch and punish more criminals. But he has found room for the best instincts of liberalism. Incarceration is no longer spoken of as an act of almost pleasurable vengeance. And even within a strict immigration policy, Mr Straw has found scope for touches of humanity.

The pivotal relationship, though, is that between prime minister and chancellor. Ask those who know these things who is closest to Mr Blair, and Mr Brown always heads the list. Those interested in these hierarchies will be intrigued to know that Alastair Campbell, Mr Blair's ever-present press secretary, is now widely viewed as the second most influential member of the government. Peter Mandelson and Derry Irvine occupy the slots just below.

The Budget was Mr Brown's creation. Its contents were discussed with Mr Blair many times over many months. There were occasional tussles about what was required to keep faith with middle England. There has also been occasional irritation in No 10 about the over-promotion of the chancellor by some of his acolytes.

Mr Blair is content, though, to leave the economy in Mr Brown's hands, going so far as to cede to the chancellor the traditional prime ministerial chairmanship of the cabinet committee on economic affairs. The two men both live over the shop in Downing Street. They often see each other two or three times a day. And Mr Blair is self-confident enough in his leadership to be unconcerned that the chancellor's

reach already extends across several other Whitehall departments.

That will change. As time passes Mr Blair will take a closer interest in the economy. All prime ministers do. They recall that their own title as the Treasury's First Lord was not always an honorific. So conflicts are inevitable. But for now, he has no other ally in the cabinet so closely attuned to his own ambitions. Each draws strength from the relationship.

So what, setting aside the clouds on the economic horizon, might intrude on this euphoric interlude? Not, in their present condition, William Hague's traps in the House of Commons. The Tory party is still trapped in the vast shadow of defeat.

No opposition will come first from the House of Lords. So far, their lords have kept their powder dry, but the battlelines are already being drawn - over the big issue of devolution for Scotland and Wales and over the smaller but emotive ones of gun control and fox-hunting.

There is unrest looming too within the cabinet in his largesse towards health and education. Mr Brown gave the only good news he had to offer on public spending. Every other department is a loser. I wonder how many of the chancellor's colleagues have noticed the upward revision of the Treasury's inflation forecast. It happens to leave them with spending settlements even tighter than those intended by Kenneth Clarke.

Then, of course, there are events: by definition unpredictable, but sure to be destabilising. So politics are destined to get more rather than less interesting. Mr Blair deserves the initial plaudits, most of them anyway; Mr Brown too. But the only certain test of a government is how it responds to adversity.

Mr Blair was fearful too that a party so unpractised in operating the levers of power could quickly gain a reputation for incompetence and indecision. In the event, the charge has not even been laid. If there is criticism that strikes home, it is the reverse. New Labour has already acquired something of a swagger.

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Take a look at the latest from Indian Industry.



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LETTERS TO THE EDITOR

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EPA air quality standards not justified by hard science

From Mr Jerry J Jasinski.

Sir, Your sanguine editorial "Air quality" (June 27) about the US Environmental Protection Agency's new air quality standards was characterised by a sweet but naive optimism. Unfortunately, this optimism is unjustified by either the content of the proposal itself or the insistence, dogmatic manner in which it was promoted by EPA administrator Carol Browner, and her associates.

The new air quality standards, which are designed to tighten restrictions on ozone emissions (smog) and fine particulate matter (soot), will do serious harm to the US economy, costing tens of thousands of jobs and impeding business growth. In addition, they are simply not justified by hard science. Mrs Browner's repeated state-

ments to the contrary notwithstanding, White House science adviser John Gibbons, said last autumn that the ozone standards suffer from a lack of review and analysis. "I find it hard to believe that we would suffer more than we would gain by taking more time," as he put it. And Dr George Wolf, head of Mrs Browner's own scientific review panel, in February that there is no known biological mechanism for the influence of fine particulate matter on human health.

As to costs, Alicia H. Munnell, of the president's Council of Economic Advisors, has estimated that the ozone restrictions alone could cost up to \$60 billion annually. Cities would be denied needed federal assistance as they fail to comply with the new rules, a

concern manifested in the opposition of 1,000 mayors nationwide to implementation of the new standards. An unusual coalition of industry and organised labour has joined forces to fight the new standards. Hundreds of senators and members of Congress have also expressed disapproval. Yet their concerns were dismissed by a White House more concerned with fulfilling an ideological agenda than balancing the need for environmental safety with the need for job creation and economic growth.

Jerry J. Jasinski,

president, National Association of Manufacturers, 1331 Pennsylvania Avenue NW, Suite 1500 North Tower, Washington DC 20004-1790, US

Concern about UK Budget signals

From Professor Nick Bosanquet.

Sir, There must be concern about the signals given by the UK chancellor's Budget measures affecting pensions and health insurance. By 2020 the state pension is likely to amount to 10 per cent or less of average income. Most people under 50 are going to have to rely on personal pensions, especially in a workforce where 20 per cent will be self-employed. The new measures reduce the returns on savings just when households at all income levels will have to save more and when actuarial projections are already discounting the returns on equities compared with the past 15 years.

There was certainly room

for change to target the relief on health insurance premiums for elderly people more effectively, but its abolition is a move away from the mixed economy of care. There is still time to build a new consensus on how to finance retirement and healthcare.

Nick Bosanquet, professor of health policy, Imperial College School of Medicine at St Mary's, Norfolk Place, London W2 1PG, UK

There is a good potential for new partnership between private and public sector to invest in more services for disabled and elderly people at home. The change will block off personal spending at a time when the public sector cannot fund the extra services required for an ageing population. There is still time to build a new consensus on how to finance retirement and healthcare.

There is to be a prize, funded out of the windfall tax, for the first taxpayer to get his self-assessed tax return correct in 1999?

Michael Bryant, flat 2, 53 Cadogan Square, London SW1X 0HY, UK

Use forests as 'sink' for greenhouse gases

From Mr Axel Hörhager.

Sir, Regarding the debate on industrial and anthropological sources of carbon dioxide (Dr Rupert B. Pearson's letter, June 27), it is heartening to learn that attention is finally beginning to be paid to the issue. It is rightly pointed out that combustion and cement making are not the only sources of CO₂.

Further large "anthropogenic" sources are simply respiration by man and his large livestock herds, and these of course are proportionate to the population of countries.

However, the way this has been handled by climate scientists is to assume that, for every gram of CO₂ released by biological processes, there is a natural counterpart somewhere of plants fixing (removing) CO₂ from the atmosphere, and thus on this level biological CO₂ balances cancel out. However, there is one fact to remember: land presently used for agriculture could, in the absence of such use, be dedicated to forestry, which permanently sequesters (removes) CO₂, and thus is effectively a permanent sink for this greenhouse gas.

Therefore, in international negotiations, the consideration of fossil fuel burning needs to be complemented by land use discussions.

Countries with fewer people can afford more forests, and thus be credited with removing more CO₂.

This complexity is, incidentally, one reason why international agreements on greenhouse gases will be extremely difficult to reach.

Axel Hörhager, environmental economist, 174A rue de Kirchberg, L 1858 Luxembourg

Europa • Michael Stürmer**The bear at Nato's door**

The further east the alliance expands, the more Russia might cause difficulties

When Nato pundits ponder next week's Madrid summit, at which Poland, Hungary and the Czech Republic are expected to be invited to join the alliance, they agree on one thing: the effect on Nato of expansion to the east is hard to predict.

The proposed expansion has already shown signs of straining relations with Russia. This has been reflected in the eagerness with which the Russians are mending fences with the Chinese, and in their defiance of the west by supplying missile technology to Iran, regarded by the US as a rogue state.

This has happened even though the western allies have offered Moscow several concessions. But at all costs Nato must not change beyond recognition. This could happen if the Russians were offered all but a veto on vital decisions or if Nato were watered down to become body like the Organisation for Security and Co-operation in Europe.

The nations of central-eastern Europe, which hope that membership of Nato will provide reassurance for deep-seated fears, are in for a disappointment. Some will be exposed to renewed Russian pressure; others will find a different Nato from the one they had in mind.

In theory, an enlightened Russia might conclude that a new era is dawning that will end centuries of uncertainty, during which it had been threatened by Poles, Swedes, the French, Germans and others. It might accept that it can now attend to strategic issues in the east and south of its still vast empire. In reality, however, it will take Russia some time to stop worrying and to learn to live with the western alliance.

Until then, Moscow might make more than a little mischief. The signing on May 27 of the Founding Act on

where Nato comes from and where it is heading? Is the objective to integrate Russian might and to civilise it? To hold Russia at bay, on the other hand, requires keeping it at a distance. In the first case, Article V of the Nato treaty, defining the defensive reflex of the alliance in case of armed attack, would be a closed chapter; in the second, it would still be the basis of defence planning.

This ambiguity in western thought is most visible in the numbers game - whether the Nato-Russia relationship in future will be described as "sixteen plus one" or "seventeen". Knowledgeable Russians claim any fear of western military strength and, indeed, their objections to Nato's expansion are of a more fundamental kind - in fact more psychological than strategic. They feel excluded from Europe and pushed back into the Eurasian steppe.

Nato strategists should therefore cease their search for more compensation for Russia and instead address Moscow's real interests, in particular its need for an economic, financial and legal network in an equitable system with the west. The aim must be to bypass the entrenched defenders of old thinking within Russia with out making more diplomatic concessions.

In Moscow, old thinking - such as spheres of influence, or "near abroad" in post-Soviet terminology, and buffer zones - is not yet out of fashion. Fundamentally, the Russians find it difficult, even in the age of intercontinental nuclear missiles, to give up the time-honoured concept that more land means more security.

But is western policy really any clearer in defining

keep the Americans in Europe. However, to watch the US over-extend itself strategically would be as undesirable as to see it become too intimate with the bear. There are signs of both, and they should be taken seriously.

The US might find itself over-extended in responding to the changed geopolitics of the greater Middle East, or by the need to balance the growing might of China or contain a Korean crisis.

To intimate a relationship, on the other hand, might spring from having to protect the security of the continental US against nuclear attack and from the need to convince the Russians that a wide interpretation of the anti-ballistic missile treaty of 1972, permitting trials, should be of concern to both of them. In both cases, the Americans will see the need to compensate the Russians and respect their perceived interests - even their paranoia.

One of the paradoxes associated with widening the Atlantic alliance is that, if the process were to end with Poland, Hungary and the Czech Republic, the result would look like a Russian victory.

For traditional Russians, the rest of central-eastern Europe might look like Russian turf. If, however, the process were open-ended, the Russians would find reasons to make trouble divide the west and create pressure.

Since 1990, Nato's objectives are no longer dictated by the old enemy. To tackle future challenges, such as peacekeeping, Russian co-operation will be essential. But, at the same time, the more Nato expands eastwards, the more Russia is likely to feel uncomfortable and make difficulties. Nato will need not only to show formidable leadership and cohesion to overcome this contradiction but also to make a sustained diplomatic effort.

To find a balance between integration and containment requires a long-term effort far beyond that of the Founding Act. The moral and strategic balance between western Europe and its big, unpredictable and somewhat difficult neighbour is at stake.

Boris Yeltsin, Russian president (right), with Jacques Chirac, French president, at the signing in May 1997. Associated Press

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Friday July 4 1997

Transforming welfare

The government's welfare to work programme, if it works, will be seen as a turning point for Britain's welfare state.

Success would see the operation of the labour market improve. Young people, lone parents and the long-term unemployed would find they had new opportunities to earn and escape benefit. It would restore faith in government action – and in a social fabric that has become strained in recent years.

As the details slowly emerge, it is clear the government is getting much right. Using welfare to work to train childcare assistants and to insulate pensioners' lots gives two hits for the price of one. At best, it could create a virtuous circle whereby greater availability of childcare creates more jobs and simultaneously allows more lone parents to work.

But everything will depend on quality and commitment. Quality is required in the "gateway" training to be offered as a precursor to the subsidised private sector and voluntary jobs on offer. It is essential in the on-the-job training employers will have to give. And the scheme must provide constructive exit routes for those whose jobs do not become permanent, so that it does not acquire the dead-end reputation of similar programmes in the 1980s. This is an area where more work needs to be done.

Above all the scheme requires

a commitment from Britain's employers to make it work, in both their own and the public interest.

The best evidence on schemes such as this is that the best results come from real work rather than make-work on voluntary or environmental task forces. That is why the government needs to be cautious over the heightened level of compulsion. It announced yesterday. Among the unemployed are alcoholics, drug addicts and social incompetents, whom private sector employers will do everything they can to avoid.

If they are not to cause trouble when dragged into work, the "gateway" programme will require serious investment to equip them for it. For these people the sanction of no benefit will not be the right answer.

For the genuinely work aversive, the tougher sanctions announced yesterday have their place. But they will need to be used with judgment and discretion. Otherwise they will cause more problems than they solve.

The government is lucky in the timing of its programme: launching it amid strong economic growth. Employers are lucky too. There is a chance here to take people many of whom they would have had to recruit anyway – but with government assistance in return for training. It is up to them as much as the government to deliver.

Floating baht

By agreeing to float the baht, the Thai government has bowed to overwhelming pressure. With an economy in the doldrums and excessive private borrowing, the high interest rates needed to maintain the dollar peg could not long continue.

Thailand, like Mexico in 1994, has combined an exchange rate pegged to the dollar with a large current account deficit and a highly indebted financial system. But more of Thailand's debt is owed by the private sector. Moreover, Thailand has sustained tigerish export performance and overall economic dynamism, which should make adjustment less painful.

Despite an initial precautionary rise, interest rates should now fall. Nevertheless, a floating exchange rate brings risks, above all to the financial sector. The government has suggested that bigger financial companies should take over the bad debts of their failing partners. But the risk of a spiral of default is now considerable, as borrowers struggle to service an overhang of foreign debt made more expensive by the devaluation.

The extent of the baht's immediate fall and the position it ultimately reaches will largely determine the extent of the crisis. A modest devaluation would allow Thailand to escape Mexico's plight. The market's positive response to the devaluation suggests the situation is as swiftly as possible.

Bosnian choice

The outcome of the power struggle between the Bosnian Serb president Biljana Plavšić and her predecessor, the warlord Radovan Karadžić, could determine both the fate of Bosnia and the exit strategy of Sfor, the 31,000 strong, multinational stabilisation force.

As Ifor, the multinational force was first charged with implementing the November 1995 Dayton peace accords. It succeeded in separating the warring parties. It has had less success in creating the political and economic conditions which would allow the US, British and French-led forces to withdraw without war resuming. This task is urgent: the mandate of Sfor, the slimmed down successor force, expires next July.

Reconstructing a complex, ethnically divided country shattered by a war which left 600,000 as refugees in EU countries alone, is a daunting challenge. Under the circumstances the achievements have been praiseworthy.

Most of the aid pledged for the first year of the \$5bn international re-building programme has been disbursed. The federal parliament's recent approval of a "quick-start" package created a new central bank, a common tariff and customs regulations and other key financial institutions designed for both the Croat-Moslem federation and Republika Srpska.

A jungle setting on the coast of Borneo may seem an improbable site for a high-technology experiment that could revolutionise the world's oil industry. But tucked away in a corner of Bintulu, a deep water port on the South China Sea, is the world's first commercial plant designed to turn natural gas into virtually pollution-free diesel, jet fuel and naphtha, a valuable chemical feedstock.

"It's not inconceivable that such a plant can be an alternative to a conventional refinery," says Mr Jack Jacometti of Royal Dutch/Shell, which operates the \$750m gas-to-liquid fuel facility.

The plant at Bintulu reflects growing belief in what has long been the oil industry's holy grail: to turn huge reserves of worthless remote natural gas – reservoirs too far from a market or too small to justify development – into an easily transportable high-energy liquid. Successful exploitation of the technology would allow oil companies to earn potentially billions of dollars from sleeping assets.

Bintulu, in Malaysia's Sarawak state, is a far cry from the conventional crude oil refineries that supply the world's growing need for transport fuels. Although natural gas is relatively low in energy potential, it is the cleanest hydrocarbon resource. Bintulu has none of the noxious smells common to refineries, while the 12,000 barrels a day (b/d) of crystal-clear fuel that emerge from miles of complex piping and pressure vessels contrast sharply with traditional black diesel.

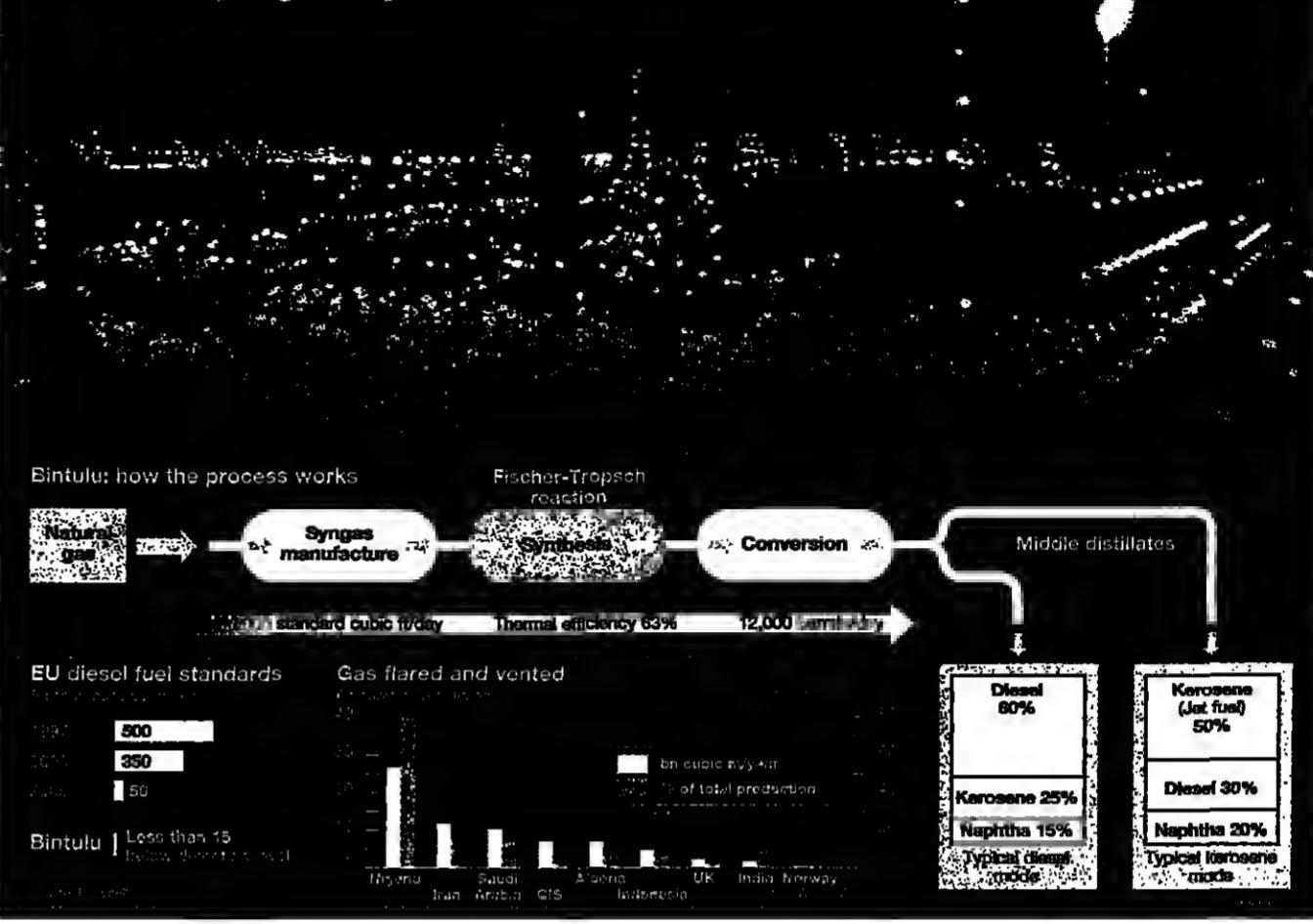
Even the waste products – particularly foul substances at conventional refineries – are white, with the waxy consistency of face cream or petroleum jelly. Other by-products are water, which some Shell engineers claim is clean enough to drink, and a soot-like residue that can be used as a soil conditioner.

Gas-to-liquid fuel projects, which until now have not been seen as commercially viable, also pose potential problems for oil companies. Engineers believe further reductions in gas-to-liquid costs are inevitable. Conventional refineries could be made obsolete if governments took early action to insist on clean gas-based fuels. "The companies are scared to push [the technology] because governments might simply say this is the new fuel standard," says Mr Terry Le Roux, an industry consultant.

These fears have not stopped a flurry of activity this year among some of the world's biggest oil companies to position themselves in the gas-to-liquid fuels market. They are all seeking to use variations of process based on the so-called Fischer-Tropsch technology developed by the Germans in the 1920s. During the second world war the German army, cut off from conventional fuel sources, used low-energy brown coal as the raw material to produce about 130,000 b/d of diesel to fuel its Panzer armies.

Exxon, the biggest US oil company, is in talks to build a large plant in Qatar, but is reluctant to talk publicly about its plans. The Gulf state is keen to develop new markets for its offshore North field, the single-largest gas reservoir in the world and among its

Bintulu: a jungle experiment



cheapest sources of gas. Exxon is also considering a plant in Alaska to be built in conjunction with British Petroleum.

Statoil, Norway's state-owned oil company, recently agreed with Sasol of South Africa to study whether its version of the process, developed during the apartheid era, could be adapted to offshore oil and gas platforms and production vessels. Sasol is also talking to Qatar about setting up a land-based plant.

Most of the other big oil companies are also investigating the technology. In the US, Synroleum, a small Oklahoma-based company, has been aggressive in publicising technology that could be used on a smaller scale than that envisaged by Shell and Exxon. Synroleum intends to offer this to bigger companies under licence. The small units would be particularly useful in ending the practice of flaring unwanted gas in offshore oilfields – one of the main contributors to the emission of greenhouse gases.

The key to commercial viability of gas-to-liquid fuel plants is the technology's modern innovations – especially the cobalt-based catalyst over which the gas is passed at high pressure and temperature. Shell engineers at Bintulu say that marrying new technology there to the Fischer-Tropsch process initially proved difficult but that the plant, which has been operating since 1993, is now working about 97 per cent of the time. "In the last three years we've learnt more in the 15 previous years of research," says Mr Saw Choo Boon, managing director of Bintulu. Engineers take the lessons will provide big cost savings on future plants.

The pace at which these proliferate will depend more on economics than technology. "With \$20 oil prices [the 1995 average] as a result, gas discoveries made in the course of oil exploration were often pushed up. Inside British Petroleum the announcement of a dry well was often accompanied by the statement:

"The bad news is that we did not strike any oil, but the good news is there was no gas either."

Not surprisingly, there are no accurate estimates of reserves. Areas as diverse as the Middle East, Russia, Alaska, South-East Asia and Latin America all contain substantial amounts of remote gas. If the new technology makes such areas commercially attractive, the reserve figures are likely to grow quickly. Apart from areas close to markets, such as the North Sea or the US Gulf of Mexico, there has been little exploration aimed solely at covering gas.

Sasol estimates the total cost of a facility at between \$25,000 and \$30,000 per daily barrel of production – or about \$300m for a 10,000-barrel-a-day plant. That is roughly twice the cost of a conventional refinery, but as Mr Caven Hill of Sasol notes, fixed costs of a conventional refinery are between about \$16 and \$18 a barrel; remote gas plants would only have to bear the cost of extraction.

Although industrialised countries will probably prize most highly the quality of the fuels produced from the gas-to-liquids process, the technology may also allow developing former communist countries to leapfrog investment in expensive conventional energy infrastructure projects.

Russia, with its vast gas reserves, might be able to save billions of dollars that would otherwise have been spent on upgrading oil refineries to produce clean, high-quality fuels. The use of gas to produce fuels would also free up oil for export.

Bangladesh, where Shell is considering setting up its second gas-to-liquid fuel plant, has large gas reserves but imports much of its diesel fuel. Such a venture could lead to big balance of payments savings.

An indication of the high quality of the fuel is that, in terms of specifications, diesel at the Bintulu plant easily meets the world's toughest standards, imposed in California. Levels of sulphur and aromatics – elements that are at the centre of fierce debates in Europe and the US over what is an acceptable amount in fuels – are so low as

to be beyond detection. The diesel also has a very high cetane number, diesel's equivalent to an octane grading in petrol, which means drivers would enjoy much higher mileage than with conventional diesel.

The big question is whether such a high-quality fuel would command equally high prices. Some companies fear premiums might be short lived, although this would depend on whether governments created fiscal policies that encouraged the use of cleaner fuel. "The oil companies are slightly nervous about creating too many expectations," says Mr Jeremy Hudson, oil analyst at brokers Salomon Brothers in London.

In order to avoid undermining existing markets, some companies prefer to see the new fuel as a blending agent. This would be mixed with poorer quality, crude oil-derived fuels to make a more acceptable product.

However the fuel is introduced, the international oil industry finds itself in an unusual position: for once it is well ahead of the environmental debate.

Traditionally, the rule of thumb in the industry has been that companies which are first into new markets or technologies come out the biggest winners. Those companies that do not yet believe in the potential of gas-based fuel technology may have to ask themselves whether they risk being left behind.

CORRECTION
GE Capital

GE Capital has acquired car insurer Colonial Penn from Leucadia National, not Leucadia National itself as stated in yesterday's leader.

Financial Times

50 years ago

Call To 22 Nations
Paris, 3rd July. Following the last talk which Mr. Bevin had this morning with M. Georges Bidault, Great Britain and France will invite all the European countries – 22, altogether – with the exception of Spain, and including Turkey and Iceland, to a conference on the Marshall Plan in Paris on 12th July. Germany is not invited; but the Commanders in Chief of the Occupation Armies will be consulted. The purpose of the conference will be to establish a programme for European reconstruction.

Effect Of India's Partition
New Delhi, 3rd July. Partition of India is likely adversely to affect India's import trade, it is asserted here. The Government's new import policy has limited imports to availability of foreign exchange and this availability will decrease, as far as India is concerned, as soon as the Pakistan

Government commences to reconstruct Eastern Pakistan is self-supporting in food, it is claimed in League circles.

India will lose present foreign exchange earnings from raw materials exports after separation of East Bengal.

OBSERVER

Norm's big bomber

new set-up. Yesterday's statement just said he'd play a strong role in the transition".

Bike-lateral

■ Amsterdam's mayor Schelto Patijn may have started a trend in international summits when he sent European Union leaders wobbling off on bicycles during last month's EU summit.

Yesterday saw German Foreign Minister Klaus Kinkel and visiting French counterpart Hubert Vedrine pedalling along the banks of the Rhine. A tandem was considered, but rejected – well, how would you sit in front?

Later, Kinkel seemed to be creating a tradition of his own when he took Vedrine – like Britain's Robin Cook before him – for a nod-up at the select Kinkel-Stuhlen, across the Rhine from Bonn in Oberkassel. It's in a street called Kinkelstrasse.

Apparently named after a poet, Kinkel's guests won't be able to return the favour. The only Cook estate in the London phone book is a pie and mash shop in east London, and the Paris directory shows no Chez Vedrine.

Full pitch

■ French European Union commissioner Edith Cresson is waging a remarkable campaign

for her homeland, even by Brussels standards. The former French premier – not one to make her presence felt – has been vigorously lobbying fellow commissioners to head off a proposal by competition commissioner Karel Van Miert to block state aid for SGS-Thomson, the semiconductor maker part-owned by the French and Italian governments.

Austere Dutch Commissioner Hans van den Broek turned her down, in spite of a forceful reminder about a current state aid claim by Philips of the Netherlands. So did Italian commissioner Mario Monti. But German industry commissioner Martin Bangemann switched camps with such enthusiasm that he was asked to calm down during yesterday's noisy session of the commission.

Cresson interrupted a briefing with journalists after the meeting to take a phone call from SGS-Thomson chief executive Pascale Pistoria.

Fujimori feted

■ Japan's rolling out the red carpet for Peru's president Alberto Fujimori, on his first trip to Japan since the hostage crisis at the Japanese ambassador's residence in Lima. Fujimori's Japanese ancestry has always stood him in good

stead in Japan, and ordering the storming of the residence has made him something of a hero.

Japanese prime minister Ryutaro Hashimoto wasn't such a big Fujimori fan at the time of the raid – he felt he should have been consulted. But his gratitude seems to have overcome his discomfiture, and yesterday he handed Fujimori a Juicy Aid package.

Fujimori will get a chance to compare notes with one old friend tonight – Moutissa Aoki, who was Japanese ambassador in Lima during the hostage crisis and was dismissed in May amid criticism of his lax approach to security. He's a fellow guest at a banquet hosted by Hashimoto, where he'll be able to tell Fujimori about his new job – he's to be ambassador in charge of African affairs, but based safely out of harm's way in Tokyo.

Damp start

■ There's been chaos in Hong Kong since Monday's handover. It's not China's fault – landslides and floods, More are forecast over the next couple of days, so Observers expect tomorrow's handover to be a damp affair. The territory's main government doesn't have to be called off, especially as top of the bill is British pop group Wet Wet Wet.

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COMPANIES AND FINANCE: EUROPE

Creditanstalt top two go as units merge

By William Hall in Zurich

Bank Austria has replaced the two top executives of Creditanstalt's investment banking operation in the latest shake-up resulting from its Schi7bn (\$1.4bn) takeover of the smaller Austrian bank in January.

Mr Marko Musulin, chief executive of Creditanstalt Investment Bank (CAIB), and his deputy, Mr Heinz Pecina, have lost their jobs following Bank Austria's

decision to merge investment banking operations.

The loss of the executives at CAIB, which is more than twice the size of investment bank Austria, comes only weeks after salesmen at CAIB's London operation defected to a rival bank.

The departures are the first sign that the marriage of the first and second biggest banks in Austria may not be going smoothly. It is understood that Mr Wolfgang Lafite, another senior

CAIB executive, may also quit.

The decision to change the top management of one of the more successful parts of Creditanstalt's business contrasts with the more cautious approach Bank Austria has taken to other sensitive management changes.

It has yet to decide who will run the combined treasury operations, and senior executives of Bank Austria and Creditanstalt will share responsibility for running

the combined overseas commercial banking operations.

However, Bank Austria stressed yesterday it was not orchestrating a management takeover of CAIB.

Mr Andras Simor, head of Creditanstalt Securities Budapest, will be the chief executive; Mr Helmut Horvath, head of Bank Austria's investment bank and a former Bank Austria executive director, becomes his deputy.

The management of the

enlarged investment bank also includes Mr Stefan Kriegelstein and Mr Timothy Medland - members of the old CAIB management.

Last year CAIB more than tripled its profits, to Schi72m, and its long-term return on equity had averaged 31 per cent.

Mr Max Kothbauer, former deputy chairman of Creditanstalt, has been appointed chairman of PSK, the Austrian postal savings bank, which is soon to be privatised.

not have the full confidence of the new shareholder". He described their departure as "very regrettable".

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EUROPEAN NEWS DIGEST

Russian utility to issue \$1.25bn bond

United Energy Systems, Russia's chief electricity company, yesterday announced plans to issue a \$1.25bn convertible bond this autumn as part of a radical restructuring. The issue is backed by a 2.7 per cent government share package. Mr Boris Breznov, the 25-year-old banker who has taken over as chief executive, said the interest-bearing three-year bonds were likely to attract up to a 30 per cent premium to the market price of the underlying shares. "The convertible bond format allows the government and the company to take advantage of the trend in the market," he said. "The stock is still undervalued. We think by a factor of 10."

Foreign investors, which on some estimates hold 27 per cent of UES's stock, have bid up the company's shares strongly in anticipation of the fruits of restructuring. The shares have surged more than five-fold this year to 45 cents, making UES Russia's most valuable company with a market capitalisation of more than \$16bn.

The restructuring is seen as a test for the reformist government's plans to shake up the country's "natural monopolies", which control large swathes of the economy. UES dominates the electricity sector, operating 27 of Russia's 34 big power plants. It also has stakes in 72 regional power utilities. Mr Breznov said the government had yesterday approved plans to tackle its massive backlog of unpaid bills, which amounts to Rb102,000bn (\$17.5bn). UES has been authorised to cut off more consumers who do not pay their bills, including government organisations, which account for 46 per cent of UES's arrears.

Ms Julie Quist, energy analyst at MC Securities, a London-based stockbroker, said it was still far from clear how the industry's jewels would be divided between UES and the regional operating companies. "Most investors do not know where to put their money in the industry but believe UES is a play on the whole sector which is still undervalued," she said. "But any stock that appreciates by 10 per cent a day has to have some down side soon."

Jean Thornhill, Moscow

Earlier decision sought on Eurotunnel

By Andrew Jack in Paris

The creditor banks to Eurotunnel have been asked to indicate by the end of September whether they support the \$2.5bn (\$14bn) restructuring plan - several months ahead of earlier estimates.

The new timetable follows this week's switch in support of the deal by minority shareholders which had planned to block it. They will vote on the restructuring at an extraordinary general meeting of the company on July 10.

A programme of roadshows in Europe, North America and Japan by the leading banks in the lending syndicate has now been completed, as part of their effort to sell the plan to all 174 creditors.

The decision announced on Monday by Northern Cross Investments, which held 37m Eurotunnel shares, to support the restructuring helped lift creditors' support for the plan and boost the price at which the company's debt is traded on the grey market.

Mr Simon Mansfield, an analyst with Bankers Trust in London, which has bought enough Eurotunnel debt to become one of its largest creditors, said in the past few days the bid price had risen from 46p in the pound to above 50p.

He said the increase largely reflected the growing optimism that the plan would be approved by shareholders, but added that trading volumes were relatively low.

Although existing bankers can continue to sell their Eurotunnel debt, the 174 who were creditors at the time the restructuring plan was agreed with the company in April will all be obliged to vote for legal action.

One banker stressed yesterday there had been no clear sign of opposition to the restructuring going through, and argued that there was little risk of banks demanding "substitution" - or their right to take control of operating the Chunnel tunnel - if shareholders voted in favour.

Mr Fertig said the ORTT regulations stated that the most heavily weighted factor in the process would be the amount of money bid.

Mr Gyorgy Lovas of ORTT said no bid details could be given before the contracts had been signed but that the licence fee had been "relatively not so important". He added: "I hope this will not be the start of a new media war. The media law was very well observed."

CME considers legal action after bid failure

By Kevin Done, East Europe Correspondent

Central European Media Enterprises (CME), which this week lost the fiercer tender battle for two lucrative commercial television franchises in Hungary, said yesterday it was considering legal action against the Hungarian authorities.

CME, which was beaten by a consortium led by CLT-Ufa, Europe's biggest broadcasting and entertainment group, and Scandinavian Broadcasting System, 22.5 per cent owned by Walt Disney, claimed its bids were up to \$30m higher than those of its rivals.

The group, which has pioneered commercial television in several east European countries, said there were "strong indications" that the evaluation process by ORTT, the Hungarian national radio and television commission, "may not have properly followed the procedures outlined in the Hungarian media law".

Mr Leonard Fertig, chief executive, said CME was "greatly disappointed by a process in which the group that follows the law and submits the highest bid, reputed to be Ft3bn-Ft4bn (\$16m-\$21m) higher than either competitor, loses the licence competition".

CME refused to disclose the size of the rival offers, but it is understood that its final bid for the 10-year concessions was more than Ft12bn, compared with about Ft8bn by the SBS-led consortium and Ft8bn bid by the CLT-Ufa group.

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Canal Plus has ended up with 90 per cent of Italian pay-TV operator Telepiù after agreeing on Wednesday to swap its 37.5 per cent stake in the German Premium pay-TV network for Kirch's 45 per cent stake in Telepiù. Analysts estimate Kirch will pay an additional \$250m (\$160m) to make up the difference in value.

Canal Plus acquired its initial 45 per cent stake in Telepiù last year when it took over the European operations of the South African controlled Nethold group.

The other 10 per cent of Telepiù is owned by Fininvest, the holding company of Mr Silvio Berlusconi, the

media magnate and former Italian prime minister.

However, the negotiations are expected to become embroiled in broader political problems.

The Italian Cecchi Gori media group, which owns the Tele Monte-Carlo channels, has already complained that its two bigger rival networks, RAI and the Berlusconi-controlled Mediaset, are seeking to consolidate their duopoly in the Italian television market by joining forces in the new digital-TV platform. Mediaset has an option to acquire the 10 per cent stake in Telepiù owned by Fininvest.

The government, which is anxious to see Italian interests control the new digital-TV platform, will also have to amend broadcasting legislation to enable RAI and the Berlusconi networks to acquire stakes of more than 10 per cent in Telepiù to avoid breaches of antitrust regulations.

Bayer to sell chemicals unit

Bayer, the German chemicals and pharmaceuticals company, is to sell its enamels and ceramics business to Advent International and Chase Capital Partners, the financial investment groups. The move is the latest example of a big German company divesting an unwanted division to focus more closely on its core business. It is also a fillip for the German management buy-out market, which last year topped the European league table for the first time. "Companies are more prepared to look at financial institutions as opposed to other corporates as a viable route to a business's independence," said Mr John Walker, chief executive of Europe of Advent International.

Bayer said the deal would be finalised soon and that the new enamels and ceramics group would be run independently by members of its existing management. The group, which last year had turnover of DM200m (\$14.21m), employs about 500 people in Europe and the US.

Graham Bowley, Frankfurt

Gottesman lifts equity stake

Mr Edward Gottesman, the secretive London-based US financier who put together a leveraged buy-out of Olivetti Personal Computers this year, has been forced to increase the initial equity contribution to the new company after investors balked at providing funds.

Piedmont International, the company formed by Mr Gottesman to spearhead the buy-out, announced last month it was providing half the planned \$80m of equity capital for OPC, and that London-based Merrill Lynch International would provide a further \$100m secured loan. However, Piedmont is to increase its initial equity contribution to \$65m, and Merrill Lynch's maximum loan facility will be reduced to \$75m.

Paul Taylor

Parmalat wins bid for Ault

Parmalat, the Italian dairy products group, yesterday won control of Ault Foods, a Canadian food processing company which faced a hostile bid from another Canadian group. Parmalat said it had secured 71.3 per cent of Ault Foods. The Italian group last month offered CS\$4 a share in its CS41.5m (US\$301m) agreed bid for the Canadian company to thwart a CS28 a share hostile bid from the Montreal-based Saputo group.

Paul Bettis, Milan

Rothschild US joint venture

Rothschild & Cie Compagnie, the French investment bank, has formed a joint venture with a subsidiary of American International Group to develop equity derivatives in continental Europe. The aim is to provide a wide range of tailor-made derivatives products for companies with staff and support provided by both.

Rothschild said it was possible that the joint venture would be extended in subsequent years to the UK and other countries outside Europe. It already has a joint venture for asset management in Spain with ABN.

Andrew Jack, Paris

NOTICE TO BONDHOLDERS FAR EASTERN TEXTILE LTD.

US\$50,000,000

4 per cent Bonds due 2006

Adjustment of Conversion Price

NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds of Far Eastern Textile Ltd (the "Company"), that the Conversion Price will be adjusted from NT\$335 per bond on and from July 14, 1997, the adjustment date. This adjustment is based on a decrease in the exchange rate of the New Taiwan Dollar against the US dollar from 150.836221 shares in the form of stock dividends of 1996 and the declaration of 120,000,000 shares of Capital Increase at NT\$335 per share. The stock dividends are funded by the appropriation of the unappropriated earnings in 1996 to the amount of NT\$365,435,827 and the remaining appropriated earnings in 1996 to the amount of NT\$942,725,383. The total amount is NT\$1,508,362,210.

Pursuant to 5(A)(1) of the Terms and Conditions of the Offering Circular, the Conversion Right shall be suspended from July 10 to July 14, 1997.

4 July 1997, London
By: Citibank N.A. (Corporate Agency & Trust), Agent Bank

CITIBANK

Canal Plus-Kirch swap clears way for Italy deal

By Paul Bettis in Milan

A stake swap between France's Canal Plus and KirchGroup of Germany has opened the way for a common digital pay-TV system in Italy.

Canal Plus has ended up with 90 per cent of Italian pay-TV operator Telepiù after agreeing on Wednesday to swap its 37.5 per cent stake in the German Premium pay-TV network for Kirch's 45 per cent stake in Telepiù. Analysts estimate Kirch will pay an additional \$250m (\$160m) to make up the difference in value.

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لبنان المالي

COMPANIES AND FINANCE: INTERNATIONAL

NEC to issue environmental report

By Michyo Nakamoto in Tokyo

NEC, one of Japan's leading electronics companies, has become the first Japanese company to issue an annual report presenting a complete account of the company's environmental management activities.

The decision to issue the report follows growing public and government concerns about the impact of industrial waste on the environment.

At the same time, the Ministry of International Trade and Industry, recently decided to require manufacturers to recycle obsolete hardware, shifting the burden of collecting old products from local authorities to manufacturers, although legislation

has yet to be passed.

The number of computers, TVs and other electronics products thrown out by consumers has placed a heavy burden on public spending on waste disposal.

Advances in technology exacerbate the problem, as some products, computers in particular, can be rendered out of date after only six months.

NEC said it would publish its goals for environmental activities as well as data from the period indicating what progress had been made.

The annual reports will contain full descriptions of relevant activities, updates on the development of environmentally orientated products, such as those that use recycled products, as well as accounts of

efforts to meet environment management standards, such as ISO certification.

The first annual report covers NEC's activities in Japan and three overseas subsidiaries in the US, Brazil and China. By 1999, the company aims to include in its report assessments of all its global operations.

This year's assessment shows that

NEC has achieved an 80 per cent reduction in industrial landfill waste on 1991 levels, as well as a 17 per cent reduction in industrial waste and an 18 per cent cut in regular waste over 1996 levels. The company also increased the amount of plastics it recycled by 41 per cent.

NEC, which is Japan's fourth-largest manufacturer by non-consolidated sales, was named the most

environmentally friendly company by Nihon Keizai, Japan's leading business daily.

NEC, Mitsui and Sumitomo, the trading companies, have agreed with Telecominvest, the St Petersburg-based telecoms company, to set up a joint venture manufacturing, marketing and servicing telecommunications equipment in Russia.

The new joint venture, NEC Neva Communications, will be the first high-tech joint venture between Japanese and Russian companies, and will be capitalised at \$6.1m.

It aims to capitalise on Russia's rapidly changing telecoms market and has already signed an agreement with 88 regional telephone companies to supply them with equipment.

P&U chief lives up to his reputation

Mr Fred Hassan has a reputation of being a drugs industry tough guy. This week, the soft-spoken new chief executive of Pharmacia & Upjohn began to show why.

He was brought in to rescue the ailing US-Swedish drugs company only in May. This week he warned shareholders there would be no quick fix; second-quarter performance would probably be worse than the first quarter, and sales and profits were likely to continue to fall during 1997.

That was Mr Hassan's first profits warning - but the company's fourth in less than a year.

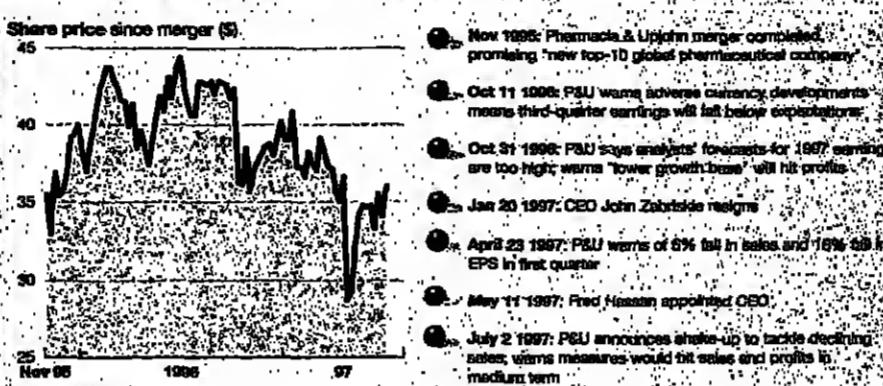
P&U has failed to make the sales growth and cost savings it has promised since its formation almost two years ago. In January, Mr John Zabriskie resigned abruptly as chief executive, and in April, Mr Jan Elkberg, chairman, admitted that growth and savings forecasts had been consistently "over-optimistic".

Unlike previous profits warnings, this one was followed yesterday by a sharp price rise. The reason was that Mr Hassan also announced a profound restructuring.

The centrepiece of his plan centrepiece is the "dismantling" of the company's three main head offices, in Stockholm, Milan and Kalamazoo,

Pharmacia & Upjohn: merger medicine hard to swallow

Fred Hassan: CEO



Michigan. These "pharmaceutical product centres" (PPCs) had responsibility for most of the company's operations: drug discovery, research and development, strategic marketing, manufacturing, support and administration. Just about the only thing these three centres did not do was local country marketing and sales.

All that will change. At the time of the merger, these three sites remained headquarters offices, and a small corporate centre in Windsor, west of London, was chosen as a compromise to US and Scandinavian interests.

Now Windsor will be the only headquarters, says Mr Hassan. The other three centres will be "even less than regional offices, they are just

sites which have certain functions".

Under the new structure, there will be just two main divisions: research and development, and everything else.

The non-R&D work is to be called pharmaceutical business, and will be headed by a vice-to-be-named executive vice-president.

R&D will be headed by Mr Goran Ando, the former Glaxo executive who previously had to share this responsibility with the heads of the three PPCs. "R&D will be the engine of this company's growth," Mr Hassan says.

"We've given Goran Ando the full authority he needs to achieve that."

These two divisional heads, Mr Hassan, and chiefs of finance and legal affairs

will run the entire company. This five-person executive committee replaces a 16-member corporate management group.

"It was difficult to run the company with 18 people at the top," Mr Hassan says. "There were different horizons in different parts of the world."

Mr Hassan has been careful not to spell out the staffing implications, but it is clear that many jobs will go. More than 3,000 jobs were shed in the 12 months following the merger.

"We have installed a global [reorganisation] co-ordinator on four areas: Kalamazoo, Milan, R&D and Windsor," he says. "We are looking very closely [at these places] and if there are any duplications or redundancies, we will act. We will be fair but tough. We must try to reduce the amount of DNA in the company."

Will these steps be enough to turn the company around?

"The decisions made are the right thing to do," says one London-based analyst.

"To bring together R&D is sensible. The same goes for marketing. But I don't know how easy it will be to get everyone marching to the same tune."

Mr Hassan is equally measured. "Pharmacia & Upjohn is headed for a little uncertainty in the very near future," he says. "Solid growth in sales and earnings should start early next year when the initiatives we are now undertaking bear fruit."

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Will these steps be enough to turn the company around?

Japan's carriers battle for slots

Haneda airport, Tokyo's gateway to the rest of Japan, serving 60 per cent of all domestic air travellers, this week added 38 flights in its first big expansion to capacity in three years.

By the end of the month, four more will be added and a further 40 will be introduced next spring.

Until now, Haneda has served Japan's three main carriers - All Nippon Airways, Japan Airlines and Japan Air Systems. But in an attempt to introduce greater competition, the Ministry of Transport awarded six of the 40 new slots at the airport to new carriers.

The expansion at Haneda is part of long-overdue deregulation of Japan's domestic market for air travel - relaxing rules and introducing market forces and lower fares.

The three main carriers are not standing idle. They have launched programmes to attract a larger share of the domestic market of 76m passengers.

In spite of all the com-

petition, competition has so far been a big let-down.

Air fares have not fallen as much as consumers had hoped, because the scarcity of slots at busy airports means that airlines with slots do not really compete on price.

Mr Akira Kondo, JAL president, complains that his airline has not been able to compete effectively with ANA because of an unequal share of slots at airports.

JAL is aiming to increase its domestic market share from 25 per cent to more than 30 per cent in passenger terms.

"In the domestic market, where 80 per cent of users are business travellers, having a large number of slots and good flight schedules

makes all the difference," he says.

JAL, which was long Japan's flagship international carrier, was allowed into the domestic market only in 1988, and has lagged behind ANA in building up its domestic network. Against ANA's share of more than 50 per cent of domestic slots, JAL has just 20 per cent, and JAS 30 per cent. The recent allocation of new slots at Haneda did not do much to improve the balance.

"The allocation of slots at Haneda was not satisfactory," Mr Kondo says. "We welcome deregulation but to compete fairly we have to have a level playing field."

The hope is that further capacity at Haneda in 2000,

and complete deregulation in fares, will do more to stimulate competition.

Capacity will also be added at Narita, Tokyo's international airport, and there is a chance that some of that could be used to serve more of the domestic market.

By that time, new carriers that plan to introduce substantial price cuts on their routes are likely to win further allocations, putting pressure on the incumbents to reduce their prices too, says Mr Paul Smith, analyst at HSBC James Capel in Tokyo.

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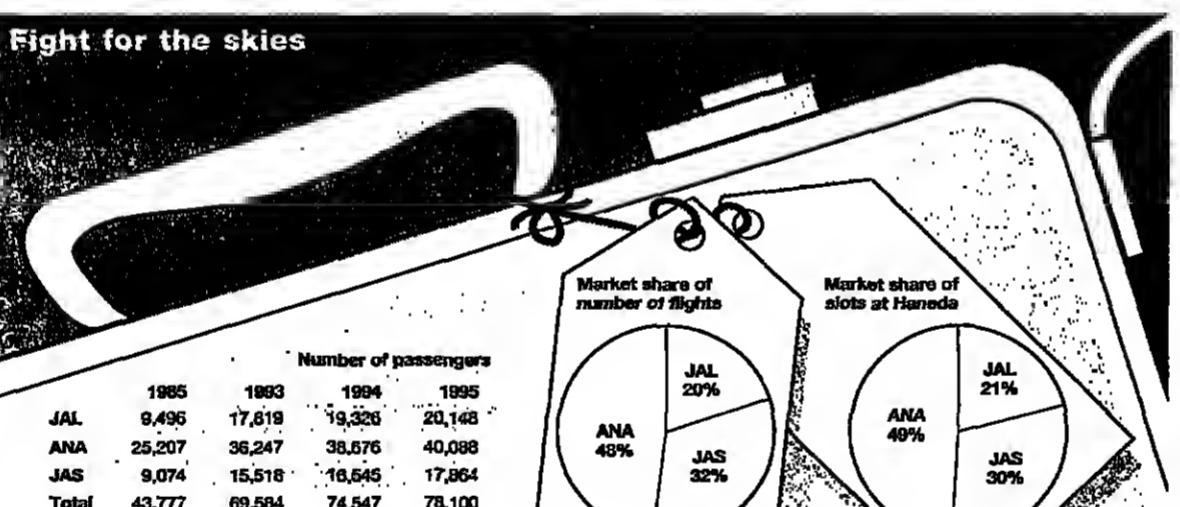
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The Financial Times plans to publish a Survey on

Pakistan

on Tuesday, August 12

For further information, please contact:

Richard Foster Tel: +44 171 873 3753 Fax: +44 171 873 3595 or

Abdul Rauf Siddiqi Tel: +92 21 218 129 Fax: +92 21 219 190

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COMPANIES AND FINANCE: UK

Airline hopes to reach agreement with unions to avert next week's action

Threat of strike hits BA's profits

By Michael Skapinker, Aerospace Correspondent

British Airways warned yesterday that profits this year would be depressed as the threat of a strike by its staff was driving away bookings.

The airline also said fares were under pressure because of the strength of sterling.

BA faces the threat of action by cabin crew and ground staff. Cabin crew who belong to the Transport and General Workers' Union are threatening to strike because they say the airline has imposed a new pay structure without their agreement. Ground crew are angry over BA's plans to sell its catering operation at

London's Heathrow airport. Last night BA said it had put new proposals to cater staff, protecting their rights under a new employer. It said staff were considering these.

BA said: "The uncertainty and the task of bringing our customers back to us after any disruption, and the costs associated with exceptional contingency measures planned to handle potential industrial action, will depress current year profits."

The airline's shares fall 9% to 681½p.

Mr Robert Ayling, chief executive, has said he still hopes to reach agreement with the unions, but if strikes do take place, BA

will make expensive efforts to keep aircraft flying.

The TGWU has scheduled strike action by cabin crew for next week, although BA has submitted proposals for ending the dispute to Acas, the arbitration body.

Analysts said it was not yet possible to quantify the damage to BA's profits. One said: "We still don't know if there will be industrial action. At least if there is a strike, there will be some savings from not having to fly aircraft or pay people. At the moment they're flying the aircraft and losing forward bookings. It's the worst of all worlds."

A threatened strike by BA pilots last year knocked £15m off operating profits.



Sir Colin Marshall, chairman (left), with Robert Ayling

Brussels probes Lonrho stake deal

By Stefan Wagstyl, Emma Tucker and Roger Matthews

The European Commission yesterday began examining the proposed deal under which Anglo American, the South African mining combine, would transfer control of a 26.7 per cent stake in Lonrho of the UK to JCI, South Africa's first black-run mining group.

Mr Nicholas Morell, Lonrho chief executive, has said the deal represents "an elegant solution" for Anglo. JCI and Lonrho have discussed a

possible merger, focusing on combining their South African coal interests. Talks broke off on Monday after more than five weeks.

The Commission investigation follows an announcement on Wednesday that JCI had acquired an option exercisable in December, to buy the £326m (£\$38m) Lonrho stake from Anglo and its associates.

Anglo is selling the shares after the Commission objected to Anglo's purchase of the Lonrho stake, on the grounds that it would give

Anglo an excessive influence in the world platinum market. Both Anglo and Lonrho are significant producers of the metal.

The commission has given Anglo two years to sell the shares and has barred the company from voting all except 3.89 per cent of its stock in the meantime.

However, the Commission will scrutinise the latest deal carefully because of the close links between Anglo and JCI.

Anglo owns 18 per cent of JCI and has rights to appoint

some JCI directors. The Commission said it was looking at the connections between the two companies. It could be that the proposed deal would not be approved.

Mr Mzi Khumalo, chairman of JCI, insists that while Anglo retains an effective 18 per cent shareholding in the company and has the right to appoint directors, this does not approach operational control.

He said last night: "Anglo American does not control JCI and has already indicated that it intends to sell

its residual stake in the company at an opportune moment."

JCI was sold to Mr Khumalo's African Mining Group as part of Anglo's contribution to black economic empowerment in South Africa.

Under the terms of the option, JCI can call on Anglo and its associates - De Beers Consolidated Mines and The Southern Life Association - to sell its Lonrho shares or Anglo and its associates can require JCI to purchase them.

Analysts strive to put a value on Billiton

Billiton, the base metals division of Gencor, the South African mining group, plans to issue a prospectus on Monday valuing it at up to £4.5bn (£7.42bn). The size of the listing and the scarcity value of mining groups on the London Stock Exchange makes this a high-profile flotation.

Advisers believe the group's immediate entrance into the FTSE 100 will attract index funds, while investment managers who want an exposure to the mining sector will appreciate having an alternative to Rio Tinto, the biggest London-listed mining group.

"The fact that you've got eight banks out there trying to sell it, is also going to drum up some demand," said one investment banker not involved in the deal.

Yet in spite of the hoopla expected to attend the roadshows over the coming weeks, the flotation is attended by some uncertainty.

Valuations range from £3.5bn to £4.5bn, excluding the £600m expected to be raised. A consensus figure of about £3.9bn gives a price of nearly 250p a share.

UBS, one of the two lead brokers to the issue, suggested that Billiton

should trade at a discount of 15-21 per cent to Rio Tinto, its more established competitor. UBS calculates that this would put Billiton on a p/e for the year to the end of June of between 20.3 and 21.8 times. Using an estimate of \$335m for profits before tax and exceptions, this values Billiton at \$6.8bn/\$7.3bn.

An independent South African broker arrived at a valuation of \$6.58bn for the group by using a "sum of the parts" calculation. This includes the "traditional South African method" of using directors' assumptions for the value of some assets.

A simple net asset valuation is difficult to apply to Billiton because figures are not available for all the parts.

Hoare Govett used a discounted cash flow method and then compared the group with Rio Tinto. The broker's expected valuation of between £3.9bn and £4.2bn is based on a belief that the market will initially value Billiton at a 10 per cent discount to Rio Tinto partly because the management is less well known and the assets are mostly in emerging markets.

According to UBS, the proposed system would create a level playing field with US-based companies.

International companies,

such as Reuters, are finding it increasingly difficult to do share buy-backs. They have

to pay ACT on the buy-back which they may not be able to recover from UK profits.

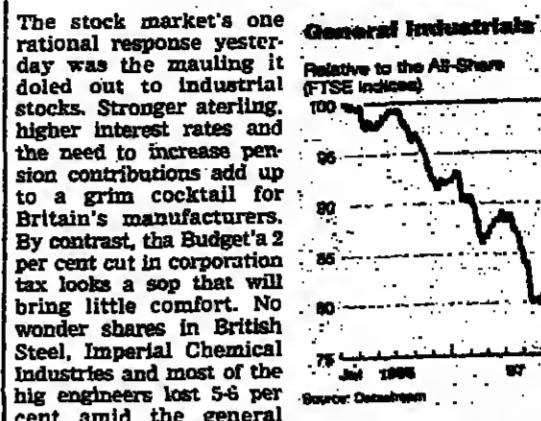
Buy-backs also have to be charged against UK distributable reserves.

Tuesday's Budget compounded the problem for UK companies with large overseas earnings when the chancellor announced the abolition of foreign income dividends (Fids).

The change will mean some multinational compa-

nies which pay dividends from foreign earnings will be taxed both in the country of origin and in the UK.

LEX COMMENT UK industrials



The stock market's one rational response yesterday was the maundering it doled out to industrial stocks. Stronger sterling, higher interest rates and the need to increase pension contributions add up to a grim cocktail for Britain's manufacturers. By contrast, the Budget's 2 per cent cut in corporation tax looks a sop that will bring little comfort. No wonder shares in British Steel, Imperial Chemical Industries and most of the big engineers lost 5-6 per cent amid the general euphoria. A rising pound is the most serious threat, since it hurts manufacturers' competitiveness abroad as well as profits translation. Most City analysts, moreover, tend to use lagging exchange rate averages, so more earnings downgrades are sure to emerge. The end of dividend tax credits will also impact disproportionately on manufacturers - often mature companies which have cut their workforces but still carry pension liabilities for former employees. At British Steel, for example, a 10 per cent reduction in the actuarial value of its pension fund could knock up to a fifth of this year's estimated profits as it is forced to step up contributions.

Nor is much relief in prospect next year. While the pound may soften during 1998, the domestic economy looks set for a slowdown. And most of the growth will come from consumer spending: the Treasury itself is forecasting growth in manufacturing output of only 1 per cent. Whatever Mr Gordon Brown's fine words, this was not a Budget for UK industry.

NEWS DIGEST

ICI's Unilever buy approved

Imperial Chemical Industries announced yesterday that it planned to complete on July 8 its £4.5bn (\$8.08bn) purchase of Unilever's speciality chemicals businesses.

ICI said the deal now had full regulatory approval, following a decision earlier this week by the New Jersey Department of Environmental Protection in the US to allow the sale. "It's a formality you have to go through if you are selling a business that has operations in New Jersey," Unilever said.

The four Unilever businesses are National Starch, which makes industrial adhesives; Quest, which makes food flavours and fragrances; Unichema, which makes chemicals from natural fats; and Crosfield, which makes detergent ingredients.

The division made total sales last year of £2.99bn. All the businesses have consistently achieved 20 per cent operating margins, compared with ICI's 1997 first quarter margin of less than 4 per cent.

ICI shares closed down 35½p at 813p. *Michael Peel*

Newlands quits GEC

Mr David Newlands is to stand down after eight years as finance director of the General Electric Company. Mr Newlands, 50, will leave next week, just before GEC unveils the outcome of its six-month strategy review, as well as its annual financial results, on Tuesday. GEC said his successor would be announced soon.

He was associated with the management style of Lord Weinstein, the long-standing managing director who retired last September. However, his brand of detailed financial management is thought to have worked less well with Mr George Simpson, who succeeded Lord Weinstein.

Before joining GEC, Mr Newlands had been finance director of the advertising group Saatchi & Saatchi. Prior to that he had been a senior partner with the accounting group, Touche Ross, where he had worked for 23 years.

Bernard Gray

Microvitec warns on first half

Microvitec, the computer software and networking group, yesterday warned shareholders that first half pre-tax losses will be "worse than expected" and will wipe out net profit from disposals.

The warning, the latest in a series of trading statements from the group over the past year, led to the shares falling a further 2½p to 134p. The shares collapsed last summer after Microvitec issued two profit warnings in four months.

In May, shareholders at the annual meeting were told to expect "heavy trading losses" to continue throughout the first half. However, the group said yesterday that it had since experienced increasingly difficult trading conditions in its display division.

As a result first half losses of about £2m were likely, eliminating the £2.9 net profit made on the £7.3m disposals of CSM and Microvitec Systems integration. Microvitec said the display division, which manufactures computer monitors and exports more than 70 per cent of production, had suffered from the strength of sterling and resulting fierce competition from imports. The group noted that Silicon, its Canadian networking subsidiary, had returned to profit after last year's losses. *Paul Taylor*

More makes Danish purchase

More Group, the outdoor advertising company, has made two acquisitions for a total £2.8m.

Its Trans-Media subsidiary has become the largest outdoor advertising company in Denmark with the £2.7m purchase of Aras of Copenhagen. It has also, through Wennergren Williams, its Swedish subsidiary, acquired a 40 per cent interest in Expoplakat, the Estonian outdoor advertising company, for £100,000 in cash. The city council of Tallin, owns 51 per cent, with the remaining 9 per cent owned by management and city officials. Wennergren-Williams has pre-emption rights over the shares it does not own.

Also, yesterday, More said its transit advertising division, MoreTrans, had won the transit advertising contract for Stockholm.

The company's shares rose 11½p to 570p.

Heron in £80m City development

By Virginia Marsh

Heron International, the property company run by Mr Gerald Ronson, is to spend £80m (\$132m) to develop a large new office building on a prime site in the City of London.

The company, which was rescued in 1985 by US investors but is now expanding, said it was buying the freehold of 40-66 Queen Victoria St from Lloyd's Bank.

It would develop a 115,000 sq ft office building with 11 levels and car parking. The development is speculative and the company hopes it will be able to let it to a single tenant as a headquarters building. There is a shortage of similar-sized accommodation in the City.

The move is the third

development project in the City that Heron - believed to be the UK's largest private company until it ran into difficulties in the early 1990s - has unveiled in six weeks.

Since December it has announced a series of investments worth close to £600m. These include a £200m land development project in Wales and £135m leisure project in France and Spain.

In May, it said it would invest £100m to provide 150,000 sq ft of office space at two sites in the City.

It has given few details of the financing of the projects, other than to say it would come from shareholders.

Heron declined to reveal the purchase price of the Queen Victoria St property, which is included in the £80m development cost.

Rexam makes £18m disposals

By Anatol Lieven

Rexam, the packaging group, yesterday sold five more companies for £18m (\$29.7m).

The sales form part of a wide-ranging disposal programme begun in December. The deals were handled by Rexam Octagon, which was specially formed to carry out the programme.

The combined turnover of the five businesses in 1996 was £55m and their operating losses amounted to £2.6m. Net assets amounted to £17.5m, including disposal provisions. They included

Rexam Cartons and Flexible Packaging, based in North America, sold to a management team for £12.3m; and Dispenser, an aerosol valve maker, sold for £5m - including £1m deferred - to Lindt Ventil of Germany.

Rexam has sold 14 busi-

nesses for a total £27m since December. Mr Roddy Child Villiers, director of group communications, said with about 70 per cent of the programme intended to be completed by next June, the process was ahead of schedule.

The shares closed down 7½p to 248p, having fallen from 257p in mid-1995. It has been hit by volatile paper prices and destocking by customers.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends corresponding to dividend	Total for year	Total last year
Break for the Border	24.7	(18)	1.77	(1.21)	1.2	Sept 25	1.16	1.85
Leopold Joseph	-	-	1,844	(2.47)	24.47	22.55	15.5	20
Print Rail	14	14 mvs	Mar 31	1.1	Sept 10	1.15	-	19.5
Reedco (M&T)	19.5	1.02	5,451.6	(3.358)	37.71	(16.11)	-	-
Shoebox Stores	2.92	(1.08)	2.02	(1.08)	1	Aug 15	1	5
Universal Salvage	55	(56.1)	0.724	(2.41)	0.92	(3.58)	0.275	0.75
Ward Holdings	57.1	(48.1)	3.42	(3.064)	8.35	(9.55)	3.55	5.2
	19.8	(15.5)	2.02					

RECRUITMENT

Berlin is experimenting with ways to reduce the city's jobless, says Robert Taylor

Helping hand for the unemployed

Germany's social market model is fueling widespread criticism in the UK and the US for being allegedly bureaucratic and not flexible enough to resolve its mass unemployment which is the highest since the last years of the Weimar Republic.

But the evidence to back up this assertion remains elusive. Some of the activities of the German employment service suggest far more innovation is going on than is often supposed.

The apparent willingness to respond positively to mass unemployment can be seen in Berlin, where active labour market measures such as job creation for the long-term unemployed, linked to intensive vocational training, are making some impact in the city's most deprived districts, despite severe financial constraints on public budgets.

The city council would like to halve Berlin's unemployment rate of nearly a quarter of a million people by the year 2000. This looks like a difficult target to meet, particularly as Germany's capital is attracting thousands of foreign con-

struction workers who are prepared to work for substantially lower wages than their German counterparts.

But the council has been encouraging experimentation with a range of measures designed to encourage small and medium-sized companies to hire workers from the ranks of the long-term unemployed.

The development of employment promotion companies is one of the best examples of what is being attempted in Berlin to assist the jobless. These are commercial but non-profit making bodies run by social entrepreneurs, technologists or former academics. They provide "socially necessary and useful" work for the long-term unemployed in specific sectors such as environmental protection and alternative energy generation. The companies are not regarded as charitable organisations and they are expected to generate income

if not a profit. However, they are not supposed to compete directly with the private sector but carry out work that would not otherwise have been done.

Berlin city council sees the companies as a "bridge" between the employment service and the business world.

Employment promotion companies are expected to recruit at least half their workforce from the unemployed. Specific groups have priority: men and women over 45, young people under 25, single parents, non-nationals, disabled and long-term jobless. A preference is given to women, who are supposed to get half the placements available.

The companies are required to pay recruits from the employment service wages and benefits in line with negotiated agreements and this is a substantial cost. The package ensures the jobless work a normal full-time week and receive

up to 80 per cent of what they would be expected to receive in the "normal" labour market.

Funding for the employment promotion companies is provided by the city council with assistance from the European Union and the German federal government for three years at a time, amounting to a maximum per employee of DM25,000 (\$14,553) for the first year, DM22,500 for the second and DM20,000 for the final year.

A good example of the employment promotion company is Atlantis, based in the rundown Kreuzberg district. Founded in 1989 just before the fall of the Berlin Wall, it specialises in the provision of subcontractor services for ecologically friendly products such as solar and wind energy systems, school meals and house insulation.

In its first five years, Atlantis created 400 publicly supported jobs. Employing

about 50 people at any one time (half of them women) in its Kreuzberg operations, the company provides intensive on-the-job vocational training.

There are only 30 employment promotion companies in Berlin so less than 5 per cent of the long-term jobless benefit from the maximum 12 months they can spend on their payrolls. However, most of those involved are able to find a permanent job after that experience.

But the small scale of the initiative is a serious drawback. The cost per worker seems expensive: more than twice the number could participate if their wages were cut substantially.

However, the German trade unions insist that the employment promotion companies must accept existing collective agreements, no doubt fearful that their comparative success could undermine wage rates in the "real" economy.

The employment promotion companies reflect some of the tensions in Germany's social market model. On the one hand, employment promotion meets a genuine need and provides a bridge from unemployment to work. But on the other, overgenerous regulations established in better economic times inhibit the expansion of such companies across Germany.

The esteem gap

No "parity of esteem" exists between employees with academic qualifications and those with vocational qualifications in the UK, according to a study of the earnings and qualifications of full-time employees by Mr Peter Robinson of the Centre for Economic Performance at the London School of Economics.

Those with academic qualifications measured by the number of Advanced and

and women in full-time employment who have academic qualifications at one level in the national qualifications framework earn about the same as those with vocational qualifications set notionally one level higher. Employees with 'A' levels have earnings similar to those with higher or level 4 vocational qualifications while those with five or more 'O' levels or higher grade GCSEs have earnings similar to those with level 3 qualifications.

"The labour market provides clear signals which explain why young people with the best GCSE scores at age 16 tend to opt for the academic 'A' level route rather than the vocational route," says Mr Robinson.

Academic qualifications tend to offer access to more highly paid occupations and often pay a higher wage within some of those occupations than their notionally equivalent vocational counterparts.

"The myth of parity of esteem: earnings and qualifications," Working paper 855, from Centre for Economic Performance, London School of Economics

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In Partial modification of earlier advertisement in International Water Power & Dam Construction, U.K., May 1997, regarding invitation of subject cited Prequalification Bids, last date for receipt of application for Request For Qualification (RFQ) document have been extended upto 31.7.97. The Bid Documents will be made available by 31.7.97. Other terms and conditions remain unchanged.

CHIEF ENGINEER (Comm.),
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PROJECT MANAGER - INDIA

A large multi product engineering company of repute in India wishes to engage a highly experienced and qualified engineer with sound knowledge in application/development of small petrol/diesel engines for automotive application. The person should be willing to work in India based either in Chennai (Madras) or Poone, for a period of one or two years maximum on contract basis.

A very attractive compensation package with incentives and air fare for the candidate and family will be borne by the employer.

Age 45 years and above.

Please apply within 10 days to:

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For interview with the visiting CEO of the India Co.
between 11 July and 15 July 1997

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Halifax

Our conversion to plc status has enabled the Halifax to become one of Britain's top 4 banks. No financial institution in the UK is more strongly rated than the Halifax. We are committed to future growth and success in existing and new markets and these challenging roles offer you the opportunity to make a major contribution at a critical time in our development.

GROUP TREASURY

Group Treasury is one of the 6 key businesses of the Halifax. It is already a major participant in sterling and interest rate markets and we have plans to expand to make the most of the opportunities presented by conversion. It's a dynamic and changing environment where one of our objectives is to strengthen key parts of the Treasury team to reflect best market practice and create a centre of excellence in market and credit risk management.

MARKET RISK MANAGERS

Risk management is at the heart of Group Treasury's current activities and future plans. These plans include significant developments in both the trading and asset/liability risk management capabilities of Group Treasury. An opportunity now exists to join the Group Treasury Risk Management team at a new and exciting stage of its development.

The team is responsible for the control and management of market risk arising from all the business areas across the Halifax Group. Responsibilities include limit monitoring, exposure modelling, the assessment of the market risk implications of new retail and treasury instruments and increasingly the pro-active identification of opportunities for enhancing profitability.

We now need additional Risk Managers who will be involved in all aspects of existing activities and future developments. Part of a small team, the roles will involve close involvement with systems developers as well as ongoing contact with the front office and the retail business areas.

You will have attained at least graduate status with an additional post-graduate or professional qualification being an added advantage together with a minimum of three years' relevant experience in a capital markets or Treasury environment. You will, of course, have substantial PC skills and be competent in a wide variety of systems applications. You should also have practical experience of systems selection. We also require the ability to work as part of a team together with a proactive and flexible approach. (Ref MRM)

RISK COMPLIANCE MANAGER

You will manage the regulatory and compliance aspects of our risk management activities providing specialist advice and establishing and maintaining a control framework. It will also be important to develop relationships with financial institutions, regulators and other specialist advisors to ensure that Treasury always has the best advice on all matters affecting risk management.

You should have at least five years' senior level experience in the compliance and regulatory field of a large financial organisation. Specialist Treasury knowledge would be an advantage. The ability to provide and communicate professional expertise in the specialist area of risk management both within the department, to senior management, and to appropriate regulatory bodies, is essential. (Ref RCM)

HEAD OF CREDIT

Your role will be to manage and control credit risk exposures within Treasury to provide a credit framework for the assessment of risk associated with Treasury activity including commercial lending, structured finance and leasing. You will research and review new and existing credit techniques to ensure the Halifax is at the forefront of new developments. You will also need to represent the Halifax externally to project the desired corporate image.

Degree qualified, you will have at least ten years' progressively senior experience in the credit operations of a major bank or similar organisation. You must have broad knowledge of best banking practices in a wide range of activities including structural transactions. It is essential that you are able to provide and communicate professional expertise throughout the organisation. (Ref HC)

CREDIT MANAGERS

You will analyse business opportunities and counterparties to ensure that the appropriate information is available to dealers and management for decision making purposes. This will include supporting the development of credit systems and undertaking complex investigations into transactional Treasury business to ensure the credit perspective is represented.

With at least three years' experience within a credit function of a major bank or similar

organisation, you will have obtained a full understanding of financial accounts and the use of financial analysis with a high degree of numeracy and PC skills. Detailed knowledge of Treasury instruments would be an advantage. (Ref CMG)

COMPLIANCE MANAGER

You will be responsible for the identification, surveillance and monitoring of all compliance issues, the provision of transactional guidance and advice to traders, new product and market developments, policies and procedures and assistance with customer/counterparty enquiries.

To bring value to this role, you will have an extensive up-to-date knowledge of Bank of England and SFA requirements developed over at least five years within a leading bank, a regulator or as a consultant. In addition, you should possess a strong personality, be numerate, have working knowledge of markets and instruments traded and be a skilled communicator. (Ref CM)

DOCUMENTATION MANAGER

Reporting to the Head of Documentation, you will be responsible for the documentation of a wide variety of capital markets, money markets and derivative products. You will be required to liaise with and advise front and back office areas within Treasury and to provide guidance on market and products.

To bring value to the Documentation Team, you will have two to three years' experience within the legal/documentary section of a leading bank or legal firm and have a relevant qualification. In addition, you should possess a strong personality with good interpersonal skills, have an ability/desire to understand new products and markets and be prepared for a hands-on involvement in the expansion of Treasury business. (Ref DM)

The remuneration packages for all these posts will reflect current market conditions.

GROUP RISK

Following the establishment of a central Group Risk function, these new roles, whilst focused on Treasury, cover a much wider brief encompassing the full balance sheet with an approximate value of £115bn. Our business activities include mortgage lending (£580bn), retail banking, consumer credit and a wide range of financial services. Acting at both the micro and macro level, the range of activities undertaken will continue to expand rapidly and we need high calibre individuals who will relish the challenge of a constantly changing environment.

GROUP MARKET RISK MANAGERS

Your primary role will be to provide expertise on market risk, managing the development and maintenance of a market risk policy framework across the Group. You will also review and independently assess methodologies for valuing Treasury instruments as well as any proposals for new activities. It will be up to you to manage the design, development and implementation of a comprehensive market risk/balance sheet management system. You will also provide support to other business centres in managing their market risks.

With a degree in Mathematics/Statistics, you will have extensive experience of current risk management methodologies and systems, including value at risk and Monte Carlo simulations, and detailed knowledge of derivative products. Good, all-round management ability including oral and written communications, project management and presentation skills will be allied to wide experience of computer-based management information systems. (Ref GMR)

GROUP INSTITUTIONAL CREDIT RISK MANAGER

You will be the Group expert on all aspects of institutional credit risk providing support to the Group Credit Committee and confirmation to the Board that credit issues are subject to rigorous and informed independent review. You will manage the development and maintenance of a Group-wide institutional credit risk policy framework and continually review the Group's activities to identify areas of actual or potential credit exposure.

With at least ten years' experience in the development of credit policies and assessment of institutional credit risk, you must be able to review complex transactions such as structured finance and leasing. A proven record of success in taking credit risk decisions will be allied to first-class communication skills. (Ref GIC)

For all posts the salary and benefits packages will reflect your skills and experience and will not be a barrier to the right candidates. A comprehensive range of benefits on offer includes relocation assistance where necessary.

To apply, please send full CV including salary expectations to Mrs G Sykes, Head Office Personnel, Halifax plc., Trinity Road, Halifax, West Yorkshire HD1 2RG. Please quote the reference of the post(s) you are interested in.



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Private Equity - South East Asia

Investment Director - Singapore

This is an opportunity for an outstanding investment professional to make a significant contribution to the growth and development of an established Asian private equity business

Our client has been a leading Asian investment and financial services group since 1984. Today the group offers services in investment management, corporate advice and private client investment services. Through private equity funds under management, it has been investing successfully in Asian private companies since 1990. It is now committed to building its private equity business further through the launch of a new pan-Asian private equity fund. As a direct result, their intention to appoint an additional senior professional to the private equity investment team. This individual will be a key member of the team, marketing and investing the new fund. He/she will also actively participate in directing the development of the group's Asian private equity business. Applications are sought from high calibre individuals with the following attributes:

- a minimum of five years' private equity experience
- significant experience of sourcing, structuring and closing investments
- experience of investing in the Asian markets
- strong technical corporate finance/private equity transaction management and financial analysis skills
- graduate MBAs or ACAs with demonstrably strong marketing and communication ability
- commitment to building a business
- commercial, entrepreneurial team player.

Please write or send a fax in confidence to The Bloomsbury Group, (ref: SEA), 1 Southampton Street, London WC2R 0LR; Tel: +44 171 379 1100; Fax: +44 171 340 6362.

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Global Private Equity

London

Investment Manager - Central Europe

Exciting opportunity to join one of the world's largest independent Private Equity Investors in their Central European team. With over US\$3 billion under direct management worldwide, the company's US\$125 million Central European programme consists of a regional fund and three local funds working with co-investors and local affiliates in Poland, Hungary, the Czech Republic and Slovakia. With the first fund substantially invested, Advent is raising a second fund for the region and will expand its team and geographic coverage.

THE ROLE

- Reporting to the Managing Director, work as part of a small dedicated team in London, sourcing, evaluating, negotiating, structuring and documenting deals in Central and selected Eastern European countries.
- Prepare and present Investment proposals to the Investment committee and advisory board. Actively monitor and report on existing investments, and assist in planning exits.
- Work alongside local teams in Central Europe to ensure comprehensive due diligence, constructive contribution to management of investee companies and active communication with investors.

THE QUALIFICATIONS

- Early to mid 30s, ideally an experienced private equity investor with a strong interest in the region. Alternatively, relevant financial services experience in investment banking, M&A or management consulting.
- Preferably MBA or ACA. Analytical, numerate, with demonstrable commercial acumen. Strong communication skills essential; fluency in a relevant language desirable. Able to travel extensively.
- Statute, credibility and sensitivity to work with investee companies, the local investment partners and western investors. An enthusiastic self-starter and robust team player.

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London EC3M 7LE

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On behalf of a major Investment Bank we are seeking an experienced, insightful Senior Credit Risk Analyst to join an outstanding team of professionals responsible for assessing and mitigating a wide range of credit risks.

The successful candidate(s) will work closely with front line professionals trading and transacting business through various "desks" including: Fixed Income, Treasury and Capital Markets, Derivatives, Equities, Commodities (mainly softs), Ratings Advisory and Transactional structured business, within an investment banking environment.

It is essential that applicants can demonstrate excellent communication skills, appropriate credit or research experience gained over at least 3 and up to 10 years within an investment bank or rating agency in Europe or the USA.

It is unlikely that applicants with less than first class academic qualifications and relevant analytical training/experience gained within prestigious institutions will meet this clients needs. Fluency in one or more European languages would be valuable.

Please send your CV/Resumé to Ron Bradley, Managing Director at the address below.

JONATHAN WREN



Jonathan Wren Search & Selection Limited
34 London Wall, London EC2M 5RU

Telephone 0171 588 0828 Facsimile 0171 588 0830

SEARCH & SELECTION

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IN ONE OF EUROPE'S MOST EXCITING BIOTECHNOLOGY COMPANIES

MorphoSys is one of Europe's leading biotechnology companies. Based in Munich, the company is rapidly expanding as it commercialises its combinatorial biology drug discovery technologies. A major alliance with Pharmacia & Upjohn forms the core of the company's collaborations.

Having recently completed a major funding round, the company now wishes to appoint a Chief Financial Officer to lead the financial management of the company to an IPO in 1998 and beyond.

YOUR ROLE WILL BE:

- Guiding the company through a flotation on one or more international stock markets,
- heading the company's finance and administration,
- management of the company's existing contract portfolio and participating in the structuring of new deals,
- maintaining and developing investor relations,
- interacting with financial and regulatory authorities.

YOUR QUALIFICATIONS AND EXPERIENCE WILL INCLUDE:

- a sound understanding of corporate finance including GAAP/IAS,
- university qualification or MBA,
- the ability to work in an international setting,
- experience of high-tech companies, preferably from the life sciences sector,
- an ability to integrate into an entrepreneurial, emerging company structure,
- fluency in English, and proficiency in German.

This is a unique opportunity to join one of Europe's most exciting biotechnology companies at a crucial stage in its development. The position will carry a salary and share option package commensurate with the position.

To apply for this position, please send applications to:

Ms. Claudia Weiß · MorphoSys GmbH
Frankfurter Ring 193 a · 80807 Munich · Germany

Join a fast expanding company in Morocco

A branch of the first French broking firm and a large Moroccan Bank, we are responsible for the primary and secondary markets, and we work for domestic and international institutional customers. To assist us in our development, we are looking for:

4 Financial Analysts

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After 6-8 years in a brokering firm, or in a Shares Trading Room of a bank, you have acquired a real know-how in economical and financial studies, on industrial and/or financial securities.

If you wish to settle in Morocco, you will find an opportunity to evolve with us. In a rapidly developing market. Within a small team of analysts, you will work with several issuers, whose evolution you will follow. Thus, you will compile the different data, which will give assistance to our UCITS sellers, negotiators and managers.

You will take part in the phases prior to study and analyses of the issuers likely to move into the Stock Market (public offering, privatisations). Finally, you will know how to reply to the needs for information and clarification of the different internal contacts.

It is your technical competence (financial, statistical and economical), your ability to communicate and to obtain information, and of course, your good relational sense that you will rely upon.

You should have a good command of English. Please send us your application (hand-written letter, CV and your current salary level) quoting reference NG/FT to our consultants : Eurogroup Participations, 17 rue Louis Rouquier, 92300 Levallois-Perret, France.



The Bank for International Settlements

An international organisation in Basle, Switzerland, established in 1930 to promote the co-operation among central banks and to provide additional facilities for international financial operations, currently has the following openings in its Banking Department

Portfolio Manager (Ref. # 97381)

The successful candidate will join a small team managing international bond portfolios. He/she should be a university graduate and have at least 2 years' trading experience in fixed income related markets. A practical knowledge of financial mathematics, investment theory and economics are essential, and specialist experience in either derivative instruments or investment modelling would be a significant advantage.

In addition to a very good command of both written and spoken English, fluency in another language (such as Spanish, Russian or Chinese) would be an advantage.

The Bank employs 460 staff members from 27 nationalities and offers attractive conditions of employment as well as excellent welfare benefits.

Candidates should send their application, together with references, to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland quoting the relevant reference number.

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PUBLIC FINANCE ANALYST

Attractive salary & benefits

London

Standard & Poor's, the leading global credit rating company, is looking for an analyst to join its public sector team primarily focusing on eastern and central Europe.

The position will involve analysis of regional and local governments, transportation companies and other areas within the public sector. This high profile role will require meetings with senior management of rated entities and with relevant regulatory or monitoring authorities. You will be required to analyse factors affecting operating and financial risk, as well as external factors such as the economic environment and government policy.

You will need to be a graduate with three to five years work experience in one of the above sectors. Fluency in both English and Russian is essential and knowledge of one or more European language is desirable. In addition to your strong financial and analytical skills, you should be a confident self-starter and excellent communicator with strong interpersonal skills. Possession of a current UK/EU work permit would be a distinct advantage.

This is an exciting role for someone with a keen interest in new areas of analysis in the public sector. There are several avenues for diversification within the role and, for the right individual, good progression in terms of responsibility and position. We offer an attractive compensation package that will fully reflect your skills and experience.

Please write, enclosing a full CV and salary requirement, to: The Personnel Department, Standard & Poor's, Garden House, 18 Finsbury Circus, London EC2M 7BP.

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Our client, a leading global investment bank, now seeks an outstanding individual to join its High Grade Asset Swaps desk and strengthen its existing expertise. Based in London and reporting to senior management, the successful appointee will be responsible for risk management and trading of High Grade Asset Swaps; executing transactions in accordance with established risk management strategies and risk parameters; contributing to the formulation of strategies; and managing and building client relationships.

Candidate should meet the following minimum criteria:

- Superior and current trading and structuring experience within a leading investment bank, ideally three years or more, in High Grade Asset Swaps.
- Proven expertise and a thorough knowledge of derivative products including market liquidity and volatility, pricing and hedging strategies.
- Ability to build and maintain existing senior relationships with both New York and London counterparties and clients.
- An MBA coupled with a first class academic history.
- Well developed interpersonal skills together with superlative IT skills.

For the successful candidate, the rewards in terms of career progression and remuneration will be high.

Applicants should forward their Curriculum Vitae in strict confidence to: Alastair Lyon, Confidential Reply Handling Service, Ref: 1013, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Closing date: 18th July 1997.

Applications will only be sent to this client, but please indicate any organisation to which your details should not be forwarded.

aia

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If you are an experienced Euro DM Booth Broker, this is an opportunity to develop your career by joining an international securities broking house and working in its futures operation.

To succeed, you must have between three and five years' experience of brokering the product on the Liffe floor, backed by a thorough grasp of the Euro DM market. An excellent track record is essential, together with the ability to create, implement and manage futures strategies and products.

To apply, please write with full details of career to date and current earnings, quoting ref: 15479/FT, to TMP Worldwide, Garden House, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG. (If there are any companies to whom you do not wish your details to be forwarded, please mark your envelope 'security check' and note them separately.)

لما من الامر

JAMES RIVER SENIOR INFORMATION SYSTEMS AUDITOR

BRUSSELS

James River Corporation, with 1996 consolidated sales of \$5.7 billion, is a leading marketer and manufacturer of paper-based consumer products, packaging and business, printing and converting papers. The company has a total of approximately 60 manufacturing facilities located in the United States, Canada and Europe. As the second largest worldwide producer of tissue products, James River markets such widely recognised brands as Quilted Northern bathroom tissue, Kleenex paper towels, Vanity Fair napkins and Dixie cups and plates in North America, and Lotus bathroom tissue, towels and facial tissue in Europe.

For their Brussels-based European Headquarters and coordinates

tion centre, they are now recruiting a "Senior Information Systems Auditor", reporting to the Director of Internal Audit Europe.

Responsibilities will include:

- Participation in European IT strategies by planning and conducting (joint) operational, financial and IT audits;
- Active involvement in training and ongoing developments in IT related areas throughout Europe;
- Implementation of an IT audit strategy, including development and utilisation of automated audit tools;
- Liaison with operating companies' general managers, IT

directors and other HQ management and staff.

The ideal candidate must have:

- A University degree in Economics or Computer Sciences, preferably with an additional CISA or CIA qualification;
- A minimum of 5 years of IT experience of which 2 to 3 years in internal / external audit;
- The ability to combine business and IT issues and some knowledge of SAP R/3, BPCS, Exchange, Internet, HP Unix and EDI;
- Strong communication skills and fluent English and French, any other European language would be advantageous;

• Willingness to travel throughout Europe (approx 40%).

James River Corporation offers an excellent salary and benefits package, an amiable and dynamic work environment, as well as the opportunity to develop an international career with a fast growing multinational company.

Interested candidates can call Jean-Marc Benker at Robert Walters Associates (Tel: 32/2/511.66.88) or send their curriculum vitae by fax to 32/2/511.99.69 or to the following address: Robert Walters Associates, Avenue Louise 66 box 5, 1050 Brussels, Belgium. E-mail: br@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND



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LONDON

This successful company is a market leader in global investment banking and securities. The company serves both suppliers and users of finance around the world providing capital - raising services, developing and offering innovative financial products for a wide range of institutional clients.

An opportunity has arisen for an exceptional individual to join a specialist team within this organisation. Forming part of a comprehensive sales force responsible for numerous high quality financial products, the team provides stock indices information to investment managers in the UK and Pan-European markets.

The successful candidate is likely to be working for a leading financial

institution or a financial information services company and will be able to demonstrate the following:

- At least a three year proven track record in a demanding sales environment
- A genuine interest and an in-depth understanding of UK and European equities, in particular performance measurement
- The ability to develop and maintain strong working relationships
- Exceptional communication and presentation skills, both verbal and written
- The ability to work under pressure and meet deadlines
- A strong academic background

£ COMPETITIVE SALARY + EXCELLENT BENEFITS

- The ability to speak a second European language is essential

This is an exciting opportunity for an individual to join a market leader with an outstanding reputation for providing long term career progression.

If you have the necessary pre-requisites, and believe you have what it takes to develop your career in this dynamic and exciting international business please contact Sonia Thomas at Robert Walters Associates by sending a detailed Curriculum Vitae stating current remuneration to 10 Bedford Street, London WC2E 9HE. Tel: +44 171 379 3333. Fax: +44 171 915 8714. Email: sonia.thomas@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND



Jardine Fleming

CORPORATE FINANCE ANALYSTS

HONG KONG BASED, ASIAN FOCUS

Jardine Fleming is the leading investment house in the Asia-Pacific region with a unique combination of financial services and an unrivalled network of offices.

The corporate finance department employs over 170 professionals in 15 countries throughout the region. Voted "Best M&A House in Asia for 1996" by Finance Asia Magazine and the number one bookrunner in 1996 for Asian convertible issues, the department has an unrivaled reputation for corporate finance and capital markets services in Asia.

As part of its drive to further strengthen the department, the company

wishes to recruit a small number of graduate analysts of the highest calibre.

The successful candidates will:

- Have graduated from a top university in the last three years with an upper second or first class degree.
- Be fluent in spoken and written English. Asian language skills will be an advantage.
- Be numerate, preferably with computer-related skills.
- Possess the necessary commitment and drive to succeed in a dynamic, team-based environment.

EXCELLENT OPPORTUNITY

- Demonstrate an informed interest regarding recent major developments within the Asia-Pacific corporate finance market.

Successful candidates will attend a formal training programme in London in September/October of 1997.

Interested parties should contact Sonia Thomas at Robert Walters Associates on +44 171 379 3333, or send a detailed CV to Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Fax +44 171 915 8714. Email: sonia.thomas@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND



International Finance Manager, Continental Europe

Central London

THE COMPANY

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To apply, please send your Curriculum Vitae to Axworthy Oliver Gill Associates, St Martin's House, Priory Court, Wigmore Street, London WC2V 6BB. Telephone 0171 329 3454, Fax 0171 782 0028, Email: info@jagc.co.uk.

THE ROLE

- Reporting to the International Finance Director and Regional Managing Directors, you will provide the Continental European operations with financial, business and strategic support.
- Create, implement and update performance measures in order to assess profitability and develop.
- Develop annual budgets and implications, internal controls, systems and procedures.
- Manage ad-hoc projects as likely to include acquisitions and disposals.

THE CANDIDATE

- A qualified Accountant or MBA with a strong academic background.
- In excess of 5 years post qualification experience ideally gained within an international environment.
- A proven track record of achievement in strategic and commercial roles.
- Some Corporate Finance exposure would be an advantage, to avoid European language skills.


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Financial Times

FUTURES TRADER FOR FUND MANAGER

High calibre individual is required as a trader for a successful Futures Fund.

The applicant should have at least one year's experience dealing in international futures markets. The Fund uses technical analysis extensively, so a good understanding of charting techniques would be beneficial.

The position is based in the City, within one of Europe's leading companies in the field of specialist fund management.

Compensation will be through salary and a performance related bonus.

Please write enclosing your CV to:
PO Box 984, London EC4R 2TL

REGIONAL MANAGER EUROPE

Well established U.S.A. based International Financial Services Company is seeking Regional Manager to work out of London or Zurich.

Responsibilities to include operational management of company offices in Europe, recruit & train agents & company employees, regulatory/compliance maintenance. Develop & implement budget & marketing strategies & long term plans. Maintain & secure banking relationships. Full charge of financial management.

Ideal candidate will have min. 5-7 yrs business, sales or marketing exp. Understanding of currency issues a plus. Should have advanced university degree in business admin., marketing or finance. Strong command of English req'd. & knowledge of Spanish preferred. Experience with regulatory/risk matters helpful. Strong communication & data processing skills important.

Mail resume and salary history. All replies will be kept strictly confidential.
Box 381, Suite 1006, 110 West 34th Street
New York, NY 10001 - USA

Investment Management Marketing Professional

Alliance Capital Management, a leading international investment advisor with \$12 billion in assets under management worldwide, seeks an experienced investment management sales and marketing professional to expand our presence in the United Kingdom and other European countries.

The ideal candidate will have a minimum of eight years experience in the financial services industry, preferably consulting and/or marketing investment products, as well as a comprehensive knowledge and understanding of the investment management industry in Europe. A University degree is required; advanced degree (MBA) is desirable. Strong analytical and presentation skills are essential.

This exceptional opportunity, based in London, offers a competitive compensation package with significant upside potential for a results-driven individual. For prompt and confidential consideration, please fax your resume with salary history to: 0171-470-1614 (London), Annex JMK.

AllianceCapital 

DIRECTOR - RUSSIAN PROGRAMS

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TD SECURITIES EUROBONDS SALES LONDON

TD Bank is a highly rated Canadian Chartered Bank with a well established presence in London and other financial centres globally. As an integral part of our global strategy in investment banking, the London office is experiencing significant growth.

An opportunity currently exists for a dynamic person to join our Eurobonds sales team. The position will be responsible for sales to a European client base. Reporting directly to the Head of Sales, the successful candidate will have a minimum of 2 years' sales experience in a financial environment, complemented with an appropriate degree in economics or maths and SFA qualified. Fluency in one or more European languages is a pre-requisite. The desire for success through an energetic approach toward client relationships and teamwork is essential.

This is an excellent opportunity to join a fast paced and high profile, professional team. A competitive remuneration package is available to the successful candidate.

Please submit a full CV to: Director, Human Resources, The Toronto-Dominion Bank, Triton Court, 14/18 Finsbury Square, LONDON EC2A 1DB.

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Investment Banking

EXCELLENT + BENEFITS LONDON

Our client, one of the world's leading international financial institutions, requires an Associate to join its European Investment Banking Division to be responsible for analysis of equity, debt and structured financing for major Latin American corporations and financial institutions.

Applicants must have:

- A strong first degree in Economics and Finance and an MBA
- 3 years' experience of the Latin American domestic financial markets within an Investment Banking environment, at least 2 years of which must have been at senior level
- At least 2 years' first-hand experience of local equity, finance and corporate M&A products
- Fluency in Spanish, Portuguese and English

If you have the necessary skills and experience, please send your full CV, quoting Ref: JH11, which will be forwarded to our client unopened. Write to Park Human Resources, 3 Portland Place, London WIN 4HR. Fax: 0171-636 6611.

London 0171 636 1111 Birmingham 0121 744 2772 Bristol 01454 614275
Manchester 0161 234 5889 Edinburgh 0131 313 1307



Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.
For information on advertising in this section please call Courtney Anderson 0171 873 4153 or Toby Finden-Crofts 0171 873 4027

Financial Times

Coopers & Lybrand

The Management Consultancy for Telecommunications Professionals London based.

Global Telecoms Strategic Influence

Coopers & Lybrand is operating at the forefront of the global telecommunications industry, shaping and implementing strategy across key business and policy issues including:

- Competitive strategy
- Market entry and licence bids
- M&A and joint venture planning
- International business development strategy
- Pricing and product development
- Costing and interconnection
- Privatisation and regulation

To strengthen our leading position within this most dynamic of markets, we now seek experienced telecommunications consultants, industry professionals and financial or strategic analysts who can contribute to international assignments of wide ranging scope and diversity.

With an excellent academic background (high quality degree in economics/finance or engineering combined with an MBA) and experience gained within a telephone operator, cellular provider or multimedia

environment, you should demonstrate particular expertise in some of the following areas:

- Business Economics
- Corporate Finance
- Quantitative Marketing
- Strategic Marketing

A strong analytical or strategic bias is essential and will ideally be complemented by a solid grounding in finance and a second European language.

These positions will appeal to ambitious and dedicated individuals looking to significantly increase their profile within a world class organisation. To succeed, you will need both the professional credibility and outstanding personal qualities necessary to operate at the highest levels of client service on a worldwide basis.

To apply, please send your full CV indicating current remuneration level to: Claire Poynter, Management Consulting, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN, quoting reference FT168 on both envelope and letter.

Solutions for Business

0 business assurance 0 business recovery and insolvency
0 corporate finance 0 management consulting
0 tax and human resource advice

Coopers & Lybrand is a member of Coopers & Lybrand International, a limited liability association incorporated in Switzerland.

ACCOUNTANCY APPOINTMENTS

INTERNATIONAL COMMERCIAL ACCOUNTANT MAJOR INTERNATIONAL GROUP

SURREY

With a turnover approaching \$2 billion, this UK based Group operates across Europe and North America. They are a leading supplier of building products to the construction, electrical and home improvement industries, commanding significant market share.

To facilitate the continuing success of its operations and to ensure controlled expansion a key role has been identified. Reporting to the Head of Corporate Audit, responsibilities will include:

- Developing and improving processes for assessing and managing business risks
- Opportunity to contribute to the development of the Corporate Audit function
- Maintaining effective systems of internal control across all businesses within the group
- Special assignments and other projects

Candidates will be qualified accountants with at least three years post qualification experience, preferably gained in an internal audit function.

Knowledge and experience of the latest auditing techniques is essential as is a commercial outlook. The ability to work effectively in a total quality environment with

SALARY TO £40,000 + FX CAR

people of all levels is vital, as are strong verbal and written communication skills. This outstanding opportunity will appeal to an ambitious individual who enjoys working on international assignments. Career prospects are excellent.

Interested candidates should send a CV to Samik Patel ACCA at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333 or fax: 0171 915 8714. Email: samik.patel@robertwalters.com

ROBERT WALTERS ASSOCIATES



LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND



INTERNATIONAL

REGIONAL CONTROLLER - UK INTERNATIONAL

WATFORD

Hilton International, part of the Ladbroke Group, is amongst the strongest global hotel brands with over 160 hotels carrying the name in 49 countries. The UK business has a high concentration of Hilton hotels, over 40, and the company is continuing to grow both in the UK and internationally.

Hilton UK International includes such prestigious names as the London Hilton on Park Lane and the Langham Hilton. The Regional Controller has financial and operational responsibility to ensure that each of the hotels

maximises their performance and profit level potential.

The position will involve liaising with financial and non financial staff, recommending and implementing change where appropriate. This is a high profile role, requiring a mix of commercial awareness coupled with a hands-on approach to the business. Applicants should be graduate qualified accountants with a minimum of 3 years commercial experience. Relevant service industry exposure would be advantageous, as would proven project

management and results orientated achievements. An outgoing personality, proactive approach and willingness to travel within the UK is required.

Interested candidates should send a current CV to Nicola Whiteman at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333. Fax: 0171 915 8714. Email: nicola.whiteman@robertwalters.com

ROBERT WALTERS ASSOCIATES



LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

مدى من الأجل

Offshore Hedge Fund
FX & Bond Traders
Salary Unlimited

الإمام الأعظم

Marks & Spencer sets the standard for retail excellence worldwide. It is determined to build on this year's profit before tax of over £1.1bn, a marked increase on the previous year. The group is therefore set to continue its record of rapid expansion.

The future strategy is for continued UK and international growth both in retail and financial services with expansion into mail order.

The finance team plays a critical part in the management and development of the business working extremely closely with the operating divisions. Its remit includes not only providing technical expertise at the highest level but also contributing strongly to the direction of the business.

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NB Selection - Financial Management
Selection and Search

Chief Financial Officer

Financial Services

East Anglia

Up to £250,000
Package (incl.
performance
related pay)

Riley

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Group Accounting Manager

Major Quoted Industrial Group

Central London

Our client is a publicly quoted industrial company with turnover of circa £1 billion. It has a wide international spread of businesses, enjoying strong market positions in niche sectors. Following recent restructuring activity, the business is poised for substantial growth through acquisitions and organic development.

A Group Accounting Manager is now sought as part of a strengthening of the finance team. Reporting to the Deputy Finance Director, the Group Accounting Manager will:

- manage the group financial and management accounting function, providing an increasingly commercial input to the business;
- lead and develop a focused financial team, ensuring continuous development of the skill base and creating a strong team atmosphere;
- take responsibility for budgeting and planning activities, contributing to broader group activities on an ad hoc basis.

c.£60,000 + Car + Bonus

Candidates will be Chartered Accountants or equivalent in their late twenties to mid thirties, ideally 'big six' trained and currently holding a relevant role in industry, although exceptional candidates still in the profession will also be considered. First class technical skills are imperative and should be allied to a significant record of achievement to date. Key personal attributes will include a direct, proactive style, the ability to challenge the status quo and the personal credibility to achieve respect at all levels throughout the organisation.

This is a highly visible opportunity to join a progressive group undergoing considerable change, led by a dynamic senior management team. A competitive remuneration package is on offer, including company car, bonus and a full range of benefits.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 728J on both letter and envelope, and including details of current remuneration.

GKRS

SEARCH & SELECTION
86 JERMYN STREET, LONDON SW1Y 6JD. TEL: 0171 468 5800

A GKR Group Company

OFFSHORE HEDGE FUND

FX & Bond Traders

Salary:
Unlimited

Offshore Hedge Fund seeks to recruit FX and European Bond Traders for a new office in London. The successful applicants will be 30+ with approximately 10 years track record of successful position-taking in these markets, with a major institution.

Salary will be paid tax-free as a direct proportion of profits generated. We are looking for genuine outstanding trading talent, so the starting date of employment will be entirely flexible. Interested candidates should still apply now, even if they would not wish to leave their current posts until the end of the 1997 bonus season.

Write to: Box A5439, Financial Times,
One Southwark Bridge, London SE1 9HL

MARKS & SPENCER

Financial High Fliers to Shape the Future

Packages To Attract The Very Best In The Field

Financial Controllers

THE POSITIONS

- Lead and develop teams to provide full financial and operational support to two critical developing business areas: Mail Order and Logistics. Work with operational management and participate in decision making.
- Provide effective management information, business planning and analysis in support of rapidly changing structure. Maintain full Profit and Loss responsibility for divisional performance highlighting business risks and opportunities.
- Actively participate in the formulation of divisional strategy. Drive increase in divisional revenue and profit through increasing change.

QUALIFICATIONS

- Qualified accountants or MBAs. Commercially astute and technically strong. Minimum of seven years' experience gained in major international plc or management consultancy with a record of achievement, progression and commercial contribution.
- Proven record of participating in change management and strategic direction. Intellectually strong and lateral thinking.
- Credibility and stature to liaise and influence at the highest level. Excellent communication skills. Highly ambitious with aspiration to progress quickly through the group.

Ref LG70617

Senior Finance Managers

POSITION

Ref LG70615

- Full responsibility for managing production of group interim and year end consolidated financial and statutory accounts, including published reports.
- Provide ad-hoc financial information for the Board. Contribute to international accounting legislation and review its impact on group companies.

QUALIFICATIONS

- High quality degrees. Qualified accountants ('top ten' firm or blue chip company trained). Technically excellent with proven commercial acumen. Minimum of seven years' experience gained in profession or major plc with record of achievement and progression.
- Demonstrable experience of improving financial and management reporting. Understanding of need for effective business information.
- Exceptional communication skills both written and oral. Credibility and stature to influence at highest level. Proven managers and team orientated. Highly ambitious and determined to succeed.

Ref LG70616

POSITION

- Manage production of monthly, quarterly and annual group management accounts for submission to Board. Analyse financial information and provide commentary on variances.
- Drive continual development in financial and management reporting processes improving performance measures to facilitate more effective business control. Provide ad-hoc financial information for Board.

THESE POSITIONS WILL BE BASED IN HEAD OFFICE IN LONDON BUT MAY INVOLVE INTERNATIONAL TRAVEL.

Please send full cv, stating current remuneration, quoting relevant ref, to NBS, 54 Jermyn Street, London SW1Y 6LX. Fax 0171 491 6447 Tel 0171 483 6392 or Email to simon@nb-selection.co.uk or browse the M&S web site at <http://www.marks-and-spencer.com>. Closing date for applications is 24th July 1997.

 Marks & Spencer is an Equal Opportunities Employer

FINANCE MANAGERS

THE COMPANY: Our client is one of the leading global high-tech companies providing mobile communications, semi conductors, advanced electronic systems, components and services with a turnover in excess of \$20 billion, employing more than 140,000 people worldwide across one hundred countries.

Our client is committed to expansion in some of the fastest growing arenas in the world. As part of a compound growth rate of 35% per annum, they wish to recruit finance professionals for the future.

THE ROLE: The Finance Manager reports directly to the Regional Finance Manager and will have responsibility for the following:

- Execution and managing team resources.
- Assessing and controlling operations in Russia and Central & Eastern Europe.
- Accounting, budgeting and forecasting.

THE PEOPLE: This is an opportunity for ambitious individuals looking to develop a career with excellent long term prospects. You will have:

- A superlative academic background in finance with a business degree and a recognised international professional qualification (e.g. ACA, ACCA, CIMA or CPA).
- Strong interpersonal skills are a prerequisite operating in a multi-cultural environment.
- An international perspective.
- Russian or dual nationality with fluent English (other East European nationalities would also be considered).
- Experience of trade finance would be an advantage.
- Excellent report writing and presentation skills.

Candidates who are interested in this position or similar positions in Central & Eastern Europe should forward their CV in strictest confidence, quoting reference FT3134, to:

 Antal International, Shropshire House, 1 Copper Street, London WC1E 6JA. Telephone: +44 (0) 171 637 2001 Fax: +44 (0) 171 637 0949, or visit our web site on www.antal.int

ANTAL INTERNATIONAL

'A Global Recruitment Solution Applied Locally'

Surrey

Six Figure Package

Our client is a global organisation with divisions covering engineering manufacturing, contract engineering and supply operations. Its contract activities involve the construction of infrastructure projects, typically with life cycles of several years and values ranging from £1-100 million, throughout the world. The company now requires a Group Finance Director to be based at its headquarters in Surrey. Reporting to the Chairman, as a member of the Group Board, responsibilities will include:

- Co-ordinating the formulation of, and adherence to, the corporate financial plan and guiding the financial and IS performance of the Group to ensure strategic objectives are met.
- Responsibility for organisational issues within the financial departments of the operating units and ensuring sound accounting policies and practices are being used for the generation of accurate and timely financial statements for the Group.
- Treasury management, tax and financial planning across the Group, including currency risk management.
- Counselling the board on plans for business building, development and implementation of policies and

programmes for profit improvement and financial management.

• Managing relationships with the city, external auditors and advisors.

Ideal candidates will be degree educated qualified ACA's with a minimum of 13 years post qualification experience incorporating a broad range of organisational management, logistics and IS involvement gained in international blue chip environments. They will display analytical and sound judgement as well as creative, business acumen and credibility commensurate with a position of this seniority. Their track record will demonstrate the ability to make a significant contribution at a strategic level to the performance and profitability of the company.

To apply, please forward your CV with a covering letter in the strictest confidence to our advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please include a daytime telephone number and current salary details and quote reference HNF200FL. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH



Director of European Finance & Administration

Six Figure Package

Established for 20 years, our client is one of the world's leading suppliers of EC software and services – an enviable position when considering that this market is set to double in size by the year 2000. Revenues for 1996 were approximately \$250 million, and their client list includes 96 of the top 100 US industrial corporations and 91 of the top 100 US bankers. The European business is experiencing growth rates in excess of 100% per annum and to capitalise on this growth, they now require a Director of European Finance & Administration. Reporting to the VP European Operations, responsibilities will include:

- Providing timely accurate financial plans and forecasts by European regions.
- Overseeing and approving all contract negotiations.
- Participating in the strategic planning for the European region and provide thorough financial analysis of European operating results compared to plan.
- Assisting in the development and direction of business systems management and human resources functions for all European offices.

• Assisting the VP of European Operations in all phases of business management and development.

Candidates will be business degree educated, qualified accountants with a minimum of 7 years PQE and at least 5 years management experience, gained within software environments. They will possess technical and comprehensive knowledge of finance, financial planning, accounting and tax issues in the context of a European business. They will also have excellent organisational, decision making, communication skills and be fluent in English and at least one other main European language.

This is an excellent opportunity for a commercial and entrepreneurial finance professional to take the reigns of a rapidly expanding US company in Europe. If you have the required skills and experience, then please write to the advising consultant including a current CV, including daytime telephone number and salary details, to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote reference number HNF198FT. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH





Operations Accounting Manager

London

Managing a team of six, you will be responsible for providing a high quality joint venture accounting service in respect of the Company's assets in the UK & Overseas. Primary responsibilities will include:

- Accounting for our joint venture activities, both operated and non-operated.
- Extensive contact with Area Finance Managers on accounting issues.
- Development of joint venture accounting procedures & systems.
- Submission of financial reports to governmental authorities, partners and head office management.

You will have a strong industry background in upstream oil and gas. A self-starter, with a strong service orientated approach, you should have excellent communication and proven supervisory skills. You should be used to providing high quality and accurate information to tight deadlines and be able to work on your own initiative with a minimum of supervision.

Reference 357601

Both positions offer outstanding career opportunities in a FTSE 100 company with an excellent track record to date and a commitment to future growth. Interested candidates should send a covering letter and curriculum vitae, quoting the appropriate reference to Malcolm Kelly, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN.

Excellent Package

London

Playing a lead role in the continued development of the Area Finance Teams that support the UK portfolio of assets, you will have extensive liaison with Operational Management. Principal responsibilities will include:

- Assisting in the business planning/forecasting for the UK assets.
- Preparation and control of operated and corporate budgets.
- Extensive project work and analytical review.
- Financial modelling.
- Liaison with the central finance department.

You will be a qualified accountant with proven analytical skills and a minimum of three years industry experience. Excellent presentation skills and the ability to develop strong working relations with non-finance managers are considered essential. The ability to meet deadlines and prioritise is a prerequisite along with being able to work on your own initiative.

Reference 357603

Excellent Package

Business Analyst

Internal Audit

Fast Track Route to Unit FD

Manufacturing Group

Excellent opportunity for a Graduate Qualified Accountant to step through this role to a Board appointment within a subsidiary operating in a major and acquisitive UK based Plc group provides this desire for an ambitious young accountant with the ability to move their career along at pace.

Looking to build upon existing industry based audit experience or perhaps seeking your first move in a professional? Either way you will have gained exposure to modern manufacturing operations. The geographical spread of UK subsidiaries allows for flexibility of location. An excellent remuneration package will recognise your early potential for Financial Directorship.

Interested applicants should contact Paul J Blake on 0116 255 9937 or apply in writing enclosing full CV details and quoting reference number 97/0303 to Crescent Search & Selection, 9 Upper King Street, Leicester LE1 6XF, e-mail: Sales@Crescent-recruitment.co.uk

CRESCENT

SEARCH & SELECTION

Appointments Advertising

Appears in the UK edition every Monday, Wednesday & Thursday
and in the International edition every Friday.

For further information please call Tony Peden-Croft on +44 0171 873 4027

Finance Director

Herts

to £50,000 + Bonus + Car

Our client is one of the largest and most efficient independent food producing businesses in the UK. With a turnover of £30 million, the company is highly successful in both its main markets and has an enviable reputation for technical innovation supported by sustained capital investment and market led research and development. A belief in progress through innovation and anticipating future trends, find them well placed to grow indigenously and through acquisition.

Reporting to the Managing Director, key areas of responsibility will include:

- Overseeing the preparation and production of management, financial and statutory accounts, providing detailed commentary.
- Maintaining relationships with Banks, Inland Revenue, Auditors and Professional Advisors.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Two Outstanding Finance Opportunities

Hertfordshire

Compagnie Générale des Eaux has a worldwide turnover in excess of £18 billion. Our client, Three Valleys Water Plc, a major UK subsidiary, supplies water to over two million customers in North London and the Northern Home Counties. The introduction of Oracle financials and group promotion has presented two outstanding senior finance opportunities.

Financial Accounting Manager
(Ref: 357955) up to £40,000 + Car + Benefits

Reporting to the Financial Controller, key areas of responsibility will include:

- Preparation of monthly and periodic management reports to management team, Executive Management Committee and Board.
- Managing a team of 19 staff.
- Preparation of budgets and forecasts.
- Supporting over 40 Budget Managers to meet financial targets.
- Financial modelling in conjunction with the Regulation Manager.

To perform this role, you must be able to demonstrate a track record of innovative management reporting.

The ideal candidates will be qualified accountants with at least three years experience of leading and managing similar processes. You must have strong interpersonal skills, and be able to deal with all levels of employees, management, customers and other external bodies. The ability to influence change in an increasingly complex regulated environment is a pre-requisite. Interested applicants should forward a comprehensive CV including details of current remuneration, quoting the above reference to Paul Smith at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Investment Banking

Newly created rôle in finance and operations

To £75,000 + Performance Related Bonus + Benefits

City

Our client is a core subsidiary of a global financial organisation specialising in debt activities including structured products, derivatives, emerging markets, asset trading, underwriting and syndications, bond trading and distribution. Due to their continuing growth and as part of an ongoing process of strengthening their management team, they now seek a high calibre professional for a newly created rôle assisting the Deputy Managing Director and Head of Operations. Responsibilities will include:

- Providing pro-active support and specialist advice to the Board of Directors on all finance and operational matters.
- Acting as a key intermediary with the regulatory bodies, external auditors and Head Office.
- Overseeing the day-to-day management and development of the finance, accounting and settlements departments (a total of 26 staff).

Suitable candidates will be graduate-qualified accountants

with a minimum of 5 years' PQE gained in a banking/securities environment. They will need to bring a breadth of finance, operations and systems experience sufficient to fill this senior management rôle as well as a depth of technical and commercial expertise and excellent communication and interpersonal skills.

The position offers an exciting opportunity to have a real influence at senior management level and make a significant contribution to the ongoing development of the organisation.

If you believe you have the experience and qualities required, please send a comprehensive CV, including daytime telephone number and details of your current remuneration package, to the advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote reference number HNF196FT. You may also apply via http://laps.com/Harvey_Nash

HARVEY NASH

Chief Financial Officer

Czech Republic

GE Capital is one of the world's largest and most successful financial services companies and part of GE's \$70 billion global enterprise. In Europe, GE Capital's core businesses range from credit cards to equity capital, aircraft leasing to real estate and employ more than 15,000 people. In the past few years, GE Capital has acquired an average of one European company every fortnight and expects to grow further still. AFS, a leading provider of financial services across the automotive industry, has recently extended its European presence through an acquisition in the Czech Republic.

Reporting to the General Manager, the CFO's initial role will focus on the processes and integration strategy for the acquired company's transition, working with the GE Corporate Finance functions, auditors and headquarters in Europe and America. Responsibilities will include managing the finance function, co-ordinating corporate treasury and ensuring the financial systems are accurate, timely and adhere to GE and Czech requirements and standards. Additionally, you will be involved in assessing further acquisition opportunities.



Michael Page Eastern Europe

International Recruitment Consultants

PRODUCT CONTROL

Investment Banking

c.£40,000 + benefits

Candidates will often be dealing directly with senior management, and be at the forefront of a growing team.

Ideally, candidates will be graduate accountants with a genuine interest in investment banking and product control. Career prospects and the opportunity to progress within this prestigious bank are excellent.

Interested candidates should send their CVs stating current remuneration to:

Carol Jardine,
Jardine Kelso,
53 Shepherds Hill,
London NW5 5QP
or fax to 0181 341 4463.
Ref JK/0046

PSD

FMS
Finance and
Accountancy
Recruitment

Financial Planning Manager

London Based c£45,000 + Bonus, Car & Benefits

Our client is a UK leader in the media and entertainment arena who due to continued European expansion, now seeks a young and vibrant ACA/CIMA with 3-5 years PQE. With responsibility for the divisional finance function and reporting to the Divisional Finance Director, your main duties will include:

- Business planning and budget formulation including identification and explanation of variances
- Conducting project led assignments to aid development of corporate strategy
- Strong financial control of royalties, cashflow and banking activities for internal and external financial reporting
- Development of management information systems

Exposure to the industry would be a distinct advantage, but more importantly drive, ambition and the ability to add value will be rewarded with excellent progression opportunities.

To discuss this opportunity telephone Iff Agamalyan on 0171 405 4161 quoting reference no: 54300 or alternatively send your details to her at the address below:

5 Green's Buildings
Chancery Lane
London EC4A 1DY
Tel: 0171 405 4161
Fax: 0171 405 4140
E-Mail: ifagamalyan@prel.co.uk
Internet: www.prel.co.uk



JARDINE KELSO

KPMG

JOBS IN BUSINESS

Opportunities in
Sector Leader

BUSINESS

REVIEW

Central London

Very Competitive
Benefits

IT Appointments

think us,
think change.

IT Consulting Opportunities in Trading,
Risk and Capital Markets

London Based

**£30K-£80K +
Benefits**

KPMG is one of the world's leading firms of management consultants in the financial sector with an international blue chip client base. Dramatic and continuing change in our clients' marketplace has meant an ever growing demand for our consultancy services. We now need additional, high calibre Information Technology Consultants to help us grow our business further.

We are interested in candidates who have experience gained from within a major financial institution or a leading supplier of financial sector software, working with IT systems supporting one of the following areas:

- Trading and front-office decision support
- Middle-office analytics
- Back office settlements
- Financial Systems

Typically we are looking for candidates with 2-5 years experience, but we also have opportunities for more senior positions.

We are committed to develop fully the talents and skills of our staff through comprehensive training and the opportunities arising from working at the forefront of financial sector thinking and development. Working in multi-disciplinary teams, our consultants are London based but opportunities for international travel are frequent through our work for global clients.

Please apply in writing quoting reference TK3A with full career and salary details to: David Jones or Carole Weedon, The DP Group, Nightingale House, 1-7 Fulham High Street, London SW6 3JH. Telephone: 0171 460 7900. Fax: 0171 460 8030.

**KPMG
means business**

Two Outstanding
Opportunities in
Sector LeaderBUSINESS &
IT REVIEW

Central London

**£ Very Competitive
+ Benefits**

Our client is one the world's largest and strongest financial services groups. Recent results are at record levels and organic growth, acquisitions and the launch of new businesses will ensure that it enhances its dominant position in a rapidly changing environment.

The group's high profile internal audit team undertakes a wide range of significant business reviews in all of the group's operations with up to 20% travel in the US, Asia and South Pacific.

Challenging assignments will include risk and control assessments and project management and IT reviews, embracing a wide range of substantial new initiatives and business process re-engineering.

These are career stepping stones - there is a long established record of promotion from this team into varied roles within the group. Following such moves, we seek 2 high calibre replacements.

Preferably aged 27/35, applicants should have a computer audit or systems background in a major accountancy practice, commerce or the public sector. With exposure at the highest level, an adaptable approach and strong communication and reporting skills are essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Todd BSc FCA quoting reference D301/F.

EXECUTIVE SEARCH AND SELECTION CONSULTANTS

Sainty Hird and Partners is a leading international executive search firm. We focus on the provision of lasting, high quality recruitment solutions to clients in the financial services and information technology sectors. With an outstanding growth record and an enviable client portfolio, the firm has recently launched a joint search and selection division, targeting senior and middle management positions. Consultants at all levels are now required to manage existing business and to drive further expansion.

**SAINTY HIRD
&
PARTNERS**

£50,000-£150,000 + BONUSES + BENEFITS / LONDON

THE POSITIONS

- Use combination of industry knowledge and recruitment skills to source the best people for our clients.
- Understand fully the business requirements. Recommend and deliver optimum solutions. Ensure repeat business.
- Play key part in the strategic development of this new company. Generate substantial earnings.

QUALIFICATIONS

- Graduate. Record of significant achievement within information technology or financial services sectors.
- Previous consulting/recruitment experience an advantage but not essential.
- First-class communication skills. Passion for quality and client service. High levels of energy, commitment and enthusiasm.

SHP
ASSOCIATES

Please send a full cv and current salary details, quoting reference IT70601, to SHP Associates, Stratton House, Stratton Street, London W1X 5FE. Tel: 0171 753 3000 Fax: 0171 753 3010.

Financial Systems Analyst

Step into a role with an international remit

To £35,000 + Benefits

We are one of the largest single-source providers of network integration solutions in the world. Operating in over 50 countries and with a client list which numbers some of the world's most pre-eminent companies, we understand the meaning of truly global solutions.

That is why we are commencing a project which will unify our global financial systems. We are now seeking an innovative individual to join our Financial Systems team to define, develop and implement new practices throughout our international operations. In addition, you will be responsible for developing and rolling out changes to the standard accounting system.

Gaining an in-depth understanding of our accounts system (SunAccounts) you will be working closely with the Financial Systems Manager and accounts departments outside the UK to review financial reporting and to define and implement a common reporting solution. You will be responsible for the hands-on development of the reports using Sun Accounts, as well as co-ordinating the implementation of these reports internationally. To enjoy success in this role you will require the ability to interpret, understand and implement innovative solutions to complex problems. A strong

communicator with a disciplined and well organised approach, you will also require:

- Experience of developing complex Excel spreadsheets.
- Experience of report development (eg reporting tools such as Crystal Reports, Access or reports through Excel spreadsheets).
- Experience of management accounting (preferably in a multi-national environment).

In addition experience of working with SunAccounts or a knowledge of Novell/Windows or UNIX would be beneficial.

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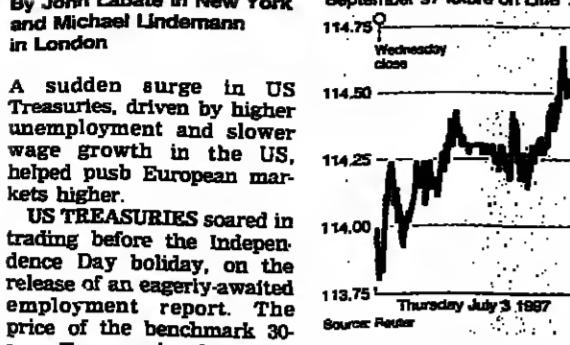
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INTERNATIONAL CAPITAL MARKETS

US figures drive Treasuries higher**GOVERNMENT BONDS**

By John Labate in New York and Michael Lindemann in London

A sudden surge in US Treasuries driven by higher unemployment and slower wage growth in the US, helped push European markets higher.

US TREASURIES soared in trading before the Independence Day holiday, on the release of an eagerly-awaited employment report. The price of the benchmark 30-year Treasury bond rose 1/4 to close at 99.9, sending the yield down to 6.822. The two-year Treasury note gained 1/4 to 100%, yielding 5.915 per cent while the 10-year hill rose 1/4 to close at 102%, sending the yield to 6.297 per cent.

The unemployment rate was reported at 5.0 per cent for June, a rise from 4.8 per cent in May and 4.9 per cent in April. Non-farm payrolls for June increased by

Long term UK gilts

September 97 future on Liffe

114.75
114.25
114.00
113.75

Wednesday close
114.20
114.00
113.75

Thursday July 3 1997
Source: Reuters

217,000, a weaker rise than many economists expected.

"This lessens the market's fear of any further tightening of interest rates later this year," said Ms Cheryl Katz, senior economist at Merrill Lynch in New York.

Average hourly earnings for the first six months of 1997 rose at a 3.2 per cent annual rate, below the 4.0 per cent rate for the same period in 1996.

GERMAN BUNDs followed

Gilts staged a comeback yesterday as investors digested Mr Gordon Brown's first Budget, writes Michael Lindemann, Mr Simon Briscoe, chief UK economist at Nikko Securities, said the rally was partly the result of over-reaction immediately afterwards.

Demand, however, had also been spurred by the cancellation of several gilt auctions, meaning there would now be about £2bn less gilts available this year, Mr Briscoe said. "That made people feel quite positive." The fact

"This is unbelievable, to have wage inflation decelerating and a 5.0 unemployment rate," said Mr M. Gary Leahay, chief US economist at High Frequency Economics.

The rally in government bonds comes a day after the Federal Open Market Committee decided to hold rates. The committee is to meet again in mid-August.

Despite the robust bonds performance, Treasuries still outperformed, tightening the

yield spread by seven basis points to 80 basis points.

FRENCH OATs also headed higher. The September notional future settled at 129.88, up 0.22. The auction of the new 10-year 5.5 per cent was covered 1.7 times, indicating slightly less demand than analysts had been anticipating.

Mr Philip Tyson, analyst at HSBC, said further speculation about the size of

France's 1997 budget deficit continued to unsettle the market, partly because spending cuts could elicit a public backlash.

More enthusiasm about Italy's chances of joining ERM powered ITALIAN BTPs higher. The September future settled at 135.55, up 0.33 on the day, while the spread over bonds tightened another three basis points to 105 basis points.

which reflects expectations of the direction of three-month rates in coming weeks, yesterday dipped to a low of 92.75, almost a quarter of a percentage point below the high of 92.99 reached just before the chancellor's speech on Wednesday.

Recent rate rises have been quarter-point steps. The December future, which closed 0.20 lower at 92.82, reflected anticipations of a further quarter-point tightening in the autumn.

Investors welcome Italy's D-Mark issue**INTERNATIONAL BONDS**

By Samer Iskandar

Italy yesterday received a warm welcome from investors when it launched the largest sovereign D-Mark eurobond for more than four years.

Syndicate managers said the issue met strong demand from institutional investors and sparked keen interest from central banks.

"The sovereign debt market is not keeping up with the growth rate of the bond market in general," said a syndicate manager in Lon-

don. "Since some central banks are only allowed to buy sovereign and supranational bonds, they are particularly keen on issues like this one."

Strong demand led the lead managers to increase the size of the 10-year issue from DM2bn to DM3bn.

The deal was the last of a series of four benchmark issues in European currencies, as part of Italy's preparations for European economic and monetary union.

The other issues were denominated in French francs, euros and Dutch guilders.

Elsewhere, the dollar sector was moderately active,

SBC Warburg, joint lead manager with Deutsche Morgan Grenfell, said the demand highlighted "investors' confidence in Italy's credit". It also said the timing was ideal. "The deal was launched just when the yield spread of Italian BTPs over German bonds hit its tightest ever at 105 basis points," said an official.

Although the bonds were sold almost exclusively to institutional buyers, DMG said it expected retail demand to follow in the after-market.

Elsewhere, the dollar sector was moderately active,

with issuance limited to short and medium-term maturities.

CANADA launched the largest deal in the sector - \$450m of bonds maturing in January 2001. Yamachi

acted as lead manager. Other borrowers in dollars included COMPAGNIE BANCAIRE, the French bank, and FINNISH EXPORT CREDIT. ABBEY NATIONAL, the UK bank, tapped the Swiss franc sector with a four-year issue paying a coupon of 2 per cent. GOLDMAN SACHS, the US investment bank, sealed a 12-year DM400m deal.

WORLD BOND PRICES**BENCHMARK GOVERNMENT BONDS**

	Red Date	Price	Days change	Yield	Week ago	Month ago
Australia	10/07/97	122.2859	+0.66	6.93	7.11	7.61
Austria	04/07	99.8903	+0.300	5.79	5.93	5.91
Belgium	03/07	104.3204	+0.51	5.68	5.73	6.01
Canada	7/00	108.5400	+1.00	6.08	6.20	6.51
Denmark	07/00	104.3200	+0.20	5.70	5.77	5.77
France	4/7/97	101.0819	+0.130	4.49	4.55	4.85
BTAN QAT	5/7/97	98.5700	-0.190	5.55	5.66	5.84
Germany	6/07/97	102.9500	+0.360	5.61	5.67	5.83
Ireland	8/06/96	110.8600	+0.080	6.38	6.52	6.72
Italy	6/7/97	101.4200	+0.50	6.27	6.73	7.24
Japan No 148	3/00	104.6700	+0.10	1.42	1.45	1.48
No 162	3/00	104.6700	+0.14	2.47	2.58	2.61
Netherlands	5/7/97	101.8900	+0.220	5.49	5.54	5.81
Portugal	2/06	121.5500	+0.200	6.19	6.24	6.63
Spain	7/3/97	107.5400	+0.470	6.31	6.31	6.74
Sweden	6/09/97	101.7600	+0.360	8.51	8.67	9.10
UK Gilt	7/00/97	n/a	n/a	7.12	7.04	7.05
US Treasury *	6/25/97	n/a	n/a	6.26	6.47	6.74
6/25/97	6/27/97	n/a	n/a	6.60	6.76	6.99
ECU (French Govt)	7/00/97	104.06/100	+0.360	5.79	5.82	6.17
London clearing, New York mid-day						
7/ Gross (including withholding tax at 12.5 per cent payable by nonresident)						
Source: Standard & Poor's MMIS						

London clearing, New York mid-day. Yields Local market standard.

7 Gross (including withholding tax at 12.5 per cent payable by nonresident)

Source: Standard & Poor's MMIS

EURO BOND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike	CALLS	PUTS	Price	Aug	Sep	Oct	Dec	Aug	Sep	Oct	Dec
102.00	27.00	26.00	0.52	102.20	102.40	102.60	102.80	102.20	102.40	102.60	102.80
102.25	27.00	26.00	0.52	102.45	102.65	102.85	103.05	102.45	102.65	102.85	103.05
102.50	27.00	26.00	0.52	102.70	102.90	103.10	103.30	102.70	102.90	103.10	103.30
102.75	27.00	26.00	0.52	102.95	103.15	103.35	103.55	102.95	103.15	103.35	103.55
103.00	27.00	26.00	0.52	103.20	103.40	103.60	103.80	103.20	103.40	103.60	103.80
103.25	27.00	26.00	0.52	103.45	103.65	103.85	104.05	103.45	103.65	103.85	104.05
103.50	27.00	26.00	0.52	103.70	103.90	104.10	104.30	103.70	103.90	104.10	104.30
103.75	27.00	26.00	0.52	103.95	104.15	104.35	104.55	103.95	104.15	104.35	104.55
104.00	27.00	26.00	0.52	104.20	104.40	104.60	104.80	104.20	104.40	104.60	104.80
104.25	27.00	26.00	0.52	104.45	104.65	104.85	105.05	104.45	104.65	104.85	105.05
104.50	27.00	26.00	0.52	104.70	104.90	105.10	105.30	104.70	104.90	105.10	105.30
104.75	27.00	26.00	0.52	104.95	105.15	105.35	105.55	104.95	105.15	105.35	105.55
105.00	27.00	26.00	0.52	105.20	105.40	105.60	105.80	105.20	105.40	105.60	105.80
105.25	27.00	26.00	0.52	105.45	105.65	105.85	106.05	105.45	105.65	105.85	106.05
105.50	27.00	26.00	0.52	105.70	105.90	106.10	106.30	105.70	105.90	106.10	106.30
105.75	27.00	26.00	0.52	105.95	106.15	106.35	106.55	105.95	106.15	106.35	106.55
106.00	27.00	26.00	0.52	106.20	106.40	106.60	106.80	106.20	106.40	106.60	106.80
106.25	27.00										

CURRENCIES AND MONEY

Brown fails to hold the pound down

MARKETS REPORT

By Simon Kuper

The pound yesterday continued its ascent following Wednesday's UK Budget, even though Mr Gordon Brown, the chancellor, tried to talk the currency down.

Sterling rose to DM13.9647 against the D-Mark and \$1.60 to the dollar in late trading yesterday - almost 3 pence and 1 cent higher than it stood off on Wednesday - buoyed by prospects that interest rates would rise soon after a less than tight Budget.

The pound has now gained more than 8 pence against the D-Mark since Mr Brown began his Budget speech on Wednesday afternoon. It is above its pre-1992 European exchange rate mechanism central rate of DM12.95 to the German currency. Yesterday it even touched FF10 to the French franc for the first time since September 1991.

Mr Brown argued yesterday that his Budget had been tight, adding: "Of course I want a stable and competitive pound, I wanted to mitigate the pressures on exporters. Nobody can be happy about an 18 per cent rise in the pound in current circumstances." The pound has risen 22 per cent against a trade weighted basket of currencies since last August.

Mr Brown's remarks caused sterling to stumble only briefly. Currency strategists said the chancellor had little ability to move the pound, since he had handed the Bank of England the power to set rates. Mr Robin Marshall, chief economist at Chase in London, said of his comments: "He demonstrated his impotence. He

seemed to be saying almost, 'I can't do much about it'."

UK money markets traders yesterday scaled up their forecasts of UK interest rate rises. Short sterling futures contracts, which bet on expected base rate levels, plunged for the second day running. The December 1997 contract fell 20 points to price in base rates of more than 7.25 per cent. Currently base rates stand at 6.50 per cent.

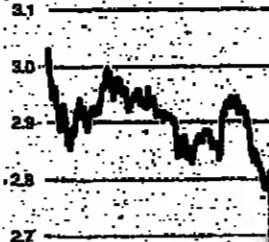
The dollar slipped against the yen, as weaker than expected US June payroll figures encouraged profit taking ahead of the long Independence Day weekend.

In US stock and bond markets helped limit the dollar's fall. The US currency dropped YU8 to close in London at Y113.6 to the yen.

Against the D-Mark, the dollar softened marginally to DM1.749. Eurodollar futures contracts rallied and are pricing in no rate change after the Federal Reserve's Open

Starting in the D-Mark

Against the D-Mark (DM per £)



Source: Bloomberg

Market committee meeting next month

The Thai baht's protected onshore rate dropped another 2.5 per cent to Bt22.4500 against the dollar. The besieged currency had fallen 17 per cent on Wednesday after Thailand allowed it to float.

■ Shredders whirred in the City yesterday as currency

strategists destroyed their old forecasts for the pound. The consensus view had been that sterling would weaken by the end of the summer, as European economies began to catch up with the UK's, and Britain's trade balance collapsed under the weight of the pound. "Sterling is overvalued" has been the market line for months.

Yet sterling has had little trouble in becoming steadily more overvalued. Since Mr Tony Blair moved into Downing Street on May 2, it has gained more than 16 pence against the D-Mark.

Mr Avinash Persaud, currency strategist at J.P. Morgan in London, said the market had proved far more

■ Of 24 economists polled by Reuters yesterday, 21 said the Bank of England would raise rates after its monetary policy committee meeting on July 10. Most expected a 25 basis point increase.

WORLD INTEREST RATES

MONEY RATES

July 3	Over night	One month	Three months	Six months	One year	Lomb. rate	Dis. rate	Repo rate
Belgium	3.11	3.41	3.46	3.51	3.52	3.60	2.50	-
France	3.16	3.31	3.32	3.32	3.33	3.30	2.75	4.75
Germany	3.11	3.18	3.21	3.24	3.24	3.20	2.50	3.00
Ireland	6.11	6.24	6.31	6.38	6.41	6.45	6.75	-
Netherlands	3.14	3.25	3.25	3.35	3.35	3.35	2.50	6.82
Switzerland	3.14	3.25	3.25	3.35	3.35	3.35	2.50	2.80
US	5.16	5.29	5.37	5.46	5.46	5.46	1.00	-
UK	5.16	5.29	5.37	5.46	5.46	5.46	5.00	-

■ **S LIBOR FT London**
Interbank Fixing - 5.88 5.88 5.88 5.88 5.88 5.88 - - -
US Dollar Cds - 5.47 5.59 5.68 5.68 5.68 5.68 - - -
EURO Linked Ds - 4.41 4.41 4.41 4.41 4.41 4.41 - - -
SDR Linked Ds - 3.42 3.42 3.42 3.42 3.42 3.42 - - -

■ **S LIBOR Interbank** Bid rates are offered rates for SDR quoted to the market by four reference banks at 11am each working day. The banks are: Barclays Trust, Bank of Tokyo, Deutsche Bank and Standard Chartered.

Mid rates are shown for the domestic Money Rates, USG Cds, ECU & SDR United Deposits.

Short term rates are for the US Dollar and Yen, others two day rates.

■ **THREE MONTH PIBOR FUTURES (MATIF/Paris Interbank offered rate)**

Jul 3	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Danish Krone	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
German Mark	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Dutch Guilder	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
French Franc	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Italian Lira	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Swiss Franc	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Canadian Dollar	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
British Pound	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
US Dollar	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24
Yen	3.14 - 3.24	3.18 - 3.25	3.19 - 3.24	3.21 - 3.24	3.22 - 3.24	3.22 - 3.24

Short term rates are for the US Dollar and Yen, others two day rates.

■ **THREE MONTH EURIBOR FUTURES (LIFFE) DM1m points of 100%**

Open	Sett. price	Change	High	Low	Est. vol.	Open Int.
Sep 30	98.57	+0.07	98.58	98.57	98.57	15421
Oct 29	98.57	+0.01	98.57	98.57	98.57	22777
Mar 29	98.65	+0.01	98.68	98.65	98.65	24280
Jun 29	98.51	+0.02	98.54	98.49	98.49	17836

■ **ONE MONTH EURIBOR FUTURES (LIFFE) DM3m points of 100%**

Open	Sett. price	Change	High	Low	Est. vol.	Open Int.
Sep 30	98.68	+0.01	98.69	98.68	98.68	36
Oct 29	98.64	-	98.64	98.64	98.64	200
Mar 29	98.68	-	98.68	98.68	98.68	3
Jun 29	98.66	-	98.66	98.66	98.66	50

■ **THREE MONTH EURIBOR FUTURES (LIFFE) L1000m points of 100%**

Open Sett. price Change High Low Est. vol. Open Int.

Sep 30	98.54	0.01	98.55	98.53	98.53	12613
Oct 29	98.53	-0.01	98.53	98.52	98.52	3057
Mar 29	98.65	+0.01	98.66	98.64	98.64	4823
Jun 29	98.51	+0.02	98.54	98.49	98.49	17836

■ **ONE MONTH EURIBOR FUTURES (LIFFE) DM3m points of 100%**

Open	Sett. price	Change	High	Low	Est. vol.	Open Int.
Sep 30	98.54	+0.01	98.55	98.53	98.53	12613
Oct 29	98.53	-0.01	98.53	98.52	98.52	3057
Mar 29	98.65	+0.01	98.66	98.64	98.64	4823
Jun 29	98.51	+0.02	98.54	98.49	98.49	17836

■ **THREE MONTH EURIBOR FUTURES (LIFFE) L1000m points of 100%**

Open Sett. price Change High Low Est. vol. Open Int.

Sep 30	98.54	0.02	98.56	98.53	98.53	585

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COMMODITIES AND AGRICULTURE

UK farmers fear green pound revaluation

By Maggie Urry

The rise in sterling following the UK Budget on Wednesday has raised concerns among British farmers that the value of the green pound may be adjusted upwards yet again next month. That would depress farm incomes, and farmers have been pressing the government for compensation for earlier revaluations.

Sir David Naisb, president of

the National Farmers' Union, said yesterday: "The necessity for compensation is becoming even more urgent." The NFU calculates that farmers are due a total of £270m (\$1.19bn) in compensation over three years. Another revaluation would increase that claim.

Sir David yesterday led a delegation of farmers who met Mr Jack Cunningham, the agriculture minister, to press the case for compensation.

The agriculture ministry said it was still looking at the compensation case, but had to consider the public expenditure aspect. Although the UK would apply to the EU for compensation, the UK would bear a large part of the cost.

The pound's rise above its green rate has opened the first of five confirmation periods of 10 days. At yesterday afternoon's agricultural rates the pound was 6.8

per cent above its green rate. If sterling continues firm against other European currencies through the confirmation process, then a revaluation would take place on August 20, which would halve the gap between green rates and market rates.

Since the green pound is the rate at which EU support payments and prices are translated from Ecu into sterling, a revaluation causes payments to farmers

to fall. However, payments such as arable area aid, which are set on July 1, would not be affected by a revaluation in August.

There have been four upward adjustments of the green pound in November last year and in January, April and June this year. These followed several years of downward adjustments, as sterling fell against other European currencies, notably in 1992. During the period of devaluations, UK

farm incomes rose substantially.

However, under the EU's agricultural rules, part of the January upward adjustment and the whole of the April and June changes are deemed "appreciable", meaning they more than offset devaluations in the previous three years.

Member states are allowed to apply for compensation for appreciable revaluations, and other countries have done so.

Cheaper wheat boosts demand

By Maggie Urry

Weakening wheat prices have increased demand from importing countries, the International Grains Council said yesterday.

In its monthly review, the council said consumption in the current crop year is forecast to exceed production slightly, causing stocks to decline.

Wheat prices have fallen sharply from a year ago. US winter wheat for export cost \$150 a tonne in mid-July last year, but was \$123 a tonne at the end of last month.

The weather around the world has affected current year production, with rains affecting the crop in Argentina, Morocco and drought in Australia. Conversely, good weather is expected to have boosted production in the US, Kazakhstan and India. Lower acreages of wheat will cut production in Canada from 30.5m to a forecast 25.5m tonnes.

In the EU, the drought is expected to have reduced yields in southern areas. Output is expected to match the good crop last year, higher plantings offsetting lower yields.

The IGC has shaved its forecasts for the 1997/98 world grain harvest to 1.45bn tonnes, only marginally ahead of the 1998/97 crop year estimate of 1.479bn tonnes. Consumption forecasts are lower at 1.476bn tonnes but remain well above the current year of 1.446bn tonnes.

Overall, the outlook is for demand to exceed supply as food use increases, particularly in developing countries. World wheat stocks are expected to fall by 3m tonnes to 97m tonnes by the end of the 1997/98 crop year. Coarse grain output is forecast at 901m tonnes, a 2m tonne cut.

Oil price falls on Iraq deal

MARKETS REPORT

By Robert Corzine and Susanna Voyle

Profit-taking forced oil prices sharply lower yesterday after the United Nations and Iraq reached agreement on a new humanitarian aid distribution plan - the main stumbling block to the resumption of Iraqi oil exports.

The price of the bellwether Brent Blend for August delivery fell 71 cents to close at \$18.21 a barrel on London's International Petroleum Exchange.

The soft, which erased three days of solid gains, started in New York but soon spread to London. Some traders said the Iraqi news made US buyers reluctant to maintain long positions in advance of the Independence Day holiday weekend.

The agreement between Baghdad and the UN suggests that Iraq will soon be back in world oil markets, probably in August. The deal reached in Baghdad will need to be approved by Mr Kofi Annan, the UN Secretary General. But the markets yesterday saw no new obstacle to the resumption of exports, which in the first six months of the UN oil-for-food programme averaged about 660,000 barrels a day.

The gold market was little moved by news from Australia that the country's central bank had sold 167 tonnes of the precious metal from its reserves.

But dealers said that the significance of the sale was considerable. "This clearly reflects the change in thinking that has come to central banks in asset management," said one analyst.

Gold prices have been under pressure for a year because of rumours of central banks reducing their reserves and forward selling by producers. The metal is no longer seen so much as a monetary symbol - but just like any other commodity.

Yesterday afternoon gold was "fixed" at \$322.58 a troy ounce against \$322.15 the day before. In late trading the price fell, to close at \$311.50.

"We are not surprised by the sale, but we all thought it would be a European central bank," said one dealer.

The Reserve Bank of Australia said the sales reduced its holdings to 80 tonnes from 247 tonnes and were undertaken "forward". The first 125 tonnes were delivered in June and the remainder would be delivered in August and September.

"The sales were made gradually, taking care not to disrupt market conditions," said the bank.

In 1978, British television viewers were horrified to face a £4 increase in the annual licence fee to £25, the £1 paperback novel made its first appearance, and the auction price of tea was £1.20 a kilo.

Nineteen years later, TV licences cost £96 (\$165), and as for paperbacks, in the UK anything under £10 is a bar gain. Time has marched on, but not for tea - it is still £1.20 a kilo.

There was a blip in 1984, when the auction price for black tea in London reached £2.62 a kilo, driven up by small supplies when India abut off exports. Apart from that, a cup of tea with milk, in UK prices, costs the same today - 23p - as it did two decades ago.

Tea is cheap compared with coffee, which costs an average 2½ times more. It cannot be stored without loss of quality, so a greater degree of price volatility might be expected.

But in the last decade there has been an average annual world surplus of about 80,000 tonnes, on production figures of some 2.5m tonnes a year - and average yields continue to increase.

This small annual surplus means that, in real terms, prices have significantly declined in the last 15 years. "Many tea producers are having a really tough time," says Mr Iltiyd Lewis, director of the Tea Council in London.

Some speciality tea com-

mand high prices - such as top-quality Darjeeling, at £24 a pound - but 90 per cent of tea sold, although of fair quality, is aimed at bulk purchasers for blending.

Consumers are undoubtedly happy with low prices, but producers are stuck in a situation of chronic semi-penury. Mr Lewis and others in the tea business believe they can improve their prospects with clever marketing

- by persuading people that drinking more tea is healthy.

"Each day the typical human being needs to drink about two litres of water to maintain good health. Evidence in the UK suggests that about 30 per cent of adults don't drink that much, which gives us room to promote tea-drinking as a healthy means of fluid intake," Mr Lewis says.

in 1994, the Amsterdam-based Common Fund for Commodities, together with UK, US and Canadian tea traders and the four biggest tea producers - India, Indonesia, Kenya and Sri Lanka - established a \$4.61m campaign to create increased demand for tea.

It remains to be seen whether fancy marketing and a clever logo boost tea consumption, and thus help smallholders in India, Kenya and elsewhere.

But with consumers in the industrialised world becoming increasingly concerned with healthy living, it probably does no harm to remind them of the merits of a cup of tea.

The campaign relied on research into the health benefits of black tea consumption and generic promotion of these benefits.

Gary Mead



Tea times: Many producers are suffering as prices have fallen in real terms

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM (S per tonne)

Close 1427-92 1433-98

Previous 1430-40 1435-65

High/Low 1432-28 1437-60

AM Official 1426.5-27.0 1455-60

Kerb close 1455-60

Open Int. 5,434

Total daily turnover 10,816

Total daily turnover 957

■ NICKEL (S per tonne)

Close 655.5-55 662.5-65

Previous 675.5-65 680.0-685

High/Low 628 641-637

AM Official 627.5-28 640-41

Kerb close 630-40

Open Int. 52,749

Total daily turnover 8,801

■ TIN (S per tonne)

Close 548.5-85 550.0-40

Previous 548.5-95 553.5-40

High/Low 517.8-82 520.5-30

AM Official 549.5-500 553.5-40

Kerb close 550.5-35

Open Int. 14,042

Total daily turnover 1,443

■ ZINC, special high grade (S per tonne)

Close 1475.75-77 1480-81

Previous 1475.5-85 1485-85

High/Low 1469.5-87 1485-97

AM Official 1480.5-81.5 1488-89

Kerb close 1475.75-78

Open Int. 98,985

Total daily turnover 39,564

■ COPPER, grade A (S per tonne)

Close 2560-63 2404.5-5.05

Previous 2509-11 2377.5-8.5

High/Low 2585-2580 2419-2420

AM Official 154.054

Kerb close 1475-78

Open Int. 154,054

Total daily turnover 38,889

■ LME Official 1/25 rate: 1.6745

LME Closing 1/25 rate: 1.6846

Spot 1/25 rate: 1.6838 6/25 rate: 1.6773 9/25 rate: 1.6771

■ HIGH GRADE COPPER (COMEX)

Close 113.45-11.40 112.80-11.74 6.669

Previous 111.85-0.75 112.45-11.50 5.384

High/Low 111.25-0.75 112.40-11.50 4.188

AM Official 108.45-0.80 110.80-10.85 5.033

Kerb close 108.50-0.55 110.50-11.20 3.1205

Open Int. 110,800 108,000 88,777

Total daily turnover 12,070,488

■ PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold/Troy oz S price E equiv SF equiv

Close 277.70 402.40 401.90

Opening 322.55 322.30 318.416 489.146

Morning fix 322.55 318.416 487.419

Afternoon fix 322.55 318.416 487.419

Day's High 333.00-333.20 322.55-322.70

Day's Low 332.00-322.55 321.00-322.55

Previous 322.55-322.70

London/Ldn Mean Gold Lending Rates (Per Usd)

1 month 3.74 6 months 3.64

2 months 3.78 12 months 3.57

3 months 3.82

Silver Fix p/troy oz US cts equiv.

Close 11.15 14.21 14.21

Opening 11.15 14.21 14.21

Morning fix 11.15 14.21 14.21

Afternoon fix 11.15 14.21 14.21

Day's High 11.15 14.21 14.21

Day's Low 11.15 14.21 14.21

Previous 11.15 14.21 14.21

Gold Coins p/oz S. price E. equiv.

Kruegerland 325.324 197.189

Maple Leaf 325.324 197.189

New Sovereign 78.81 46.48

Precious Metals continued

■ GOLD COMEX (100 Troy oz; \$/troy oz)

Cheaper
wheat
boosts
demand

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Int'l Sales Selling
Price Price Yield %

Fidelity Currency Funds Ltd

Perpetual Fund, Bermuda

US Perpetual Fund 414181

US Short Term Fund 414182

FTS Units 414172 77727

All Accounts 414183

US Bonds 414184 4.20

US Accruals 414185 4.20

US Assets 414186 4.20

US Assets 414187 4.20

US Assets 414188 4.20

US Assets 414189 4.20

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US Assets 414197 4.20

US Assets 414198 4.20

US Assets 414199 4.20

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4576 for more details.

Fund	Date	Price	Buy	+/-	Yield	Selling	Buy	+/-	Yield	Fund	Date	Price	Buy	+/-	Yield	Selling	Buy	+/-	Yield	Fund	Date	Price	Buy	+/-	Yield
PanEuroLife Society Annuities	00 322 4572	1.000	-0.04							MC Robarts Investment Company SA	00 322 4572	1.000	-0.03							GRIENT Growth Fd	00 322 4572	1.000	-0.03		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MW Jun 30	1.000	-0.04								Starita Fund Ltd	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MCI Eastern Europe Ltd	00 322 4572	1.000	-0.04							Silicon Robinson Investment Managed Ltd	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MCI Jun 30	1.000	-0.04								Orion Capital Advisors Ltd	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							For MCI Investment on The Nasdaq Data Ltd										Orion Fund Ltd	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MCI State Fund	00 322 4572	1.000	-0.04							Oriya Fund Ltd	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MCI State Fund	00 322 4572	1.000	-0.04							Offshore Insurances and Other Funds	00 322 4572	1.000	-0.04		
Paragon Fund Ltd	00 322 4572	1.000	-0.04							MCI State Fund	00 322 4572	1.000	-0.04							Offshore Insurances and Other Funds	00 322 4572	1.000	-0.04		
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LONDON SHARE SERVICE

صَدَقَنَا مِنَ الْأَرْجُلِ

LONDON STOCK EXCHANGE

Footsie blasts through 4,800 to hit new high

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

The London stock market's volatility of recent sessions was taken to further extremes yesterday as fund managers and traders wrestled with the implications of the first Labour budget for 18 years and another burst of strength on Wall Street.

When the dust settled on the day the FTSE 100 was left well clear of the 4,800 level and 80.3 up at a record closing high of 4,831.7, having posted a three-figure rise and hitting a new intra-day peak of 4,863.6 shortly after the open.

Budget boost for utilities

By Peter John
and Martin Brice

Utilities gained across the board as the details of the government's windfall tax were presented a rosier picture than the market had expected.

Former nationalised companies led the stock market higher in early trading and experienced gains of between 4 and 8 per cent during the day.

And while many of them do not tend to benefit from the reduction in corporation tax, they all have sufficient cash to offset the abolition of dividend tax credits.

Railtrack was the best performer, with the shares jumping 53 to 685p.

The company estimated its liability for the windfall tax at around £165m, well below the £500m suggested in the last two weeks.

And BT, which is traditionally one of the most liquid stocks in London, experienced one of the heaviest turnovers as marketmakers, who had been caught out by the wild swings in the market on Wednesday and yesterday, scrambled for stock.

Also, there had been speculation that the UK's leading telecoms company might have to pay as much as £2bn in tax and the final figure came in at £500m over two

years. BT also gains about £85m per year from the reduction in the corporation tax rate to 31 per cent. The shares jumped 22 to 479½p, the equivalent of more than 7 points on the Footsie.

Meanwhile, National Grid, which will be completely unaffected by the Budget tax, jumped 16% to 250p while National Power lifted 35% to 569p.

Centrica meanwhile, faces a higher charge than had been anticipated, but that is offset by the reduced cost of gas and the shares jumped 5 to 81p in the hope that the company will now be more competitive.

The list of losers in the Footsie was also a list of Britain's foremost engineering stocks. Exporters were badly hit, as traders digested the implications of a Budget that suggested Mr Gordon Brown, Chancellor, was prepared to live with a strong pound.

Yesterday sterling gained more than 5 pence against the D-Mark and around 3 cents against the US dollar.

One trader said: "Overseas earners are being smashed to bits." Another said: "Most calculations have been done assuming an exchange rate of DM2.80 to the pound but we are now facing DM2.95 and possibly rising. That will inevitably suggest profits will suffer."

Among FTSE 100 losers, TI Group topped the list with a 32% fall to 479½p.

Tax changes to foreign income dividends in the Budget hit BT particularly hard, and it gave up 13 to

201½p, a fall that put it second only to TI.

British Steel, seen as the biggest play on strong sterling in the FTSE 100, was down 9 to 141½p; GKN fell 49% to 98p; Smiths Industries dipped 28% to 750½p; Rolls-Royce fell 8% to 227p; Siebe was off 31% to 994½p; and LucasVarity fell 5% to 263½p.

ICI was also down 35% to 813p; traders said that each

Lloyds TSB was considering a takeover approach for the Nationwide building society following its share price decline in the sector.

Traders said industrial

companies would be hit in

two ways: the risk from

strong sterling and the abo-

tion of the advance cor-

poration tax credit for pension funds.

A note from NatWest

Securities said the compa-

nies to suffer most would be

those that had cut their

labour force in recent years

and the pension fund was

large in comparison with the

current company. British

Steel was said to be particu-

larly at risk.

Banks remained in favour

for their domestic earnings,

which are insulated from

the effects of sterling's strength;

their strong financial position;

and the prospects of fur-

ther bids and mergers in

the industry.

Equally, a report that

Lloyds TSB was consider-

ing a takeover approach for the

Nationwide building society

had been leaked to the market.

Also, Barclays was up

more than 50p in early trad-

ing but brought back late on

rumours that it had been bad-

ly affected by the sharp

squeeze in the derivative

markets over the past two days.

The shares ended up only 25p at £12.38p.

National Westminster was

also rumoured to have had

difficulties, along with Salo-

mon Brothers and UBS. But

NatWest shares continued to

attract takeover speculation

and closed 23% higher at

889p.

Shares in the sector also

gained ground because of

further pressure on weightings

ahead of the flotation of Woolwich on Monday. The build-

ing society is to announce today how many of its members have elected

to sell their shares through

an auction process when it

is listed.

IG Index, the financial

bookmaker, was quoting a

spread of 312p-320p late yes-

terday - down on the high of

319½p-320p but higher than it

was over the rest of the week.

Globo Wellcome ran into

selected profit-taking and

came off 5% to £13.075p.

However, there was some

support from Credit Suisse

First Boston, which initiated

a "hold" recommendation but

advises clients to buy on

weakness.

Globo is also one of the

companies most exposed to

the abolition of tax credits

on dividends. Another is Smethwick Beecham, but that

continued its recent run

as Lehman Brothers raised

its growth forecast following

a meeting with the company.

Lehman has moved to 14 per

cent a year growth to 2000

from 11 per cent previously.

Food retailers were among

the strongest risers yester-

day, with Tesco, up 32 at

406½p, leading the risers in

the FTSE 100. Traders said

they escaped all the prob-

lems of exporting and ris-

ing interest rates while their

earnings will benefit from

the cut in corporation tax.

Furthermore, the abolition

of the tax credit on pensions

would not affect them as

their pensions funds were

in surplus.

Food retailing was among

the strongest performers in

the FTSE 100 yesterday.

Asda was also up, by 9½%

helped by a shift in

recommendation at HSBC

James Capel that clients

move from being from

"underweight" the stock to

"in-line". Safeway was up 35

to 375½p, and J Sainsbury

was up 16 at 379½p.

Property-related stocks

were strongly ahead, with

house builders and builders'

merchants rising.

Meyer International was

up 9% to 430p and Travis

Perkins up 13 to 489p. But

Wolseley, exposed to the

strong pound via its US

operations, was down 10 to

465p.

House builders put in a

strong performance, with

even Berkeley Group up 17%

to 720p.

Turnover in equities expanded

rapidly, reaching 1.31bn shares at

6pm.

Footsie's performance

was boosted by a

sharp rise in oil prices.

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Footsie's performance

WORLD STOCK MARKETS

NEW YORK STOCK EXCHANGE PRICES

BE OUR GUEST.

hotel - restaurant
When you stay with us
in LUXEMBOURG
stay in touch -



hotel - restaurant
When you stay with us
in LUXEMBOURG
stay in touch -



THE JAPANESE TIMES

بِكُنَّا عَنِ الْأَهْلِ

NYSE PRICES

7 per cent July 1

NASDAQ NATIONAL MARKET

— 1 —

Symbol	Name	Market	Price	Change	Volume	High	Low	Last	Close
- A -									
ACC Corp.	87 271 303 295 285 271	-1							
Accelis E	272 224 44 42 43 42	-1							
Accon Op	44 780 213 203 213 203	+2							
Adaptec	4122065 140 374 363 35 35	-1							
AEG Teal	50 2117 354 343 34 35	-1							
AgereSyst	137 42 20 242 471 473 473	-1							
Alaris S	0.20 1618834 374 363 374 374	+2							
Adv Logic	15 854 152 153 153 153	+2							
Adv Polys	228 728 712 712 712	-1							
Advantek	304 44 435 437 437 437	-1							
Adviva	0.44 141822 352 352 352 352	+2							
Advwest	0.53 133820 335 342 342 342	+2							
Advzip	0.24 201491 383 383 383 383	-1							
Aero ACO	133 12 122 854 854 854 854	-1							
AeroB	0.88 218 276 276 276 276	-1							
AeroC	0.54 15 20 162 162 162 162	-1							
AeroDry	0.53 14 20 353 353 353 353	-1							
AeroPac	1696 10 93 93 93 93	-1							
AeroCap	1.84 19-25 214 204 214 214	-1							
AeroCap	1.74 13 32 10 155 155 155	-1							
Aeros C	7 4 35 3 35 35 35	-1							
Aero Gold	25 87 233 232 233 233	+2							
Aeroflex	40 9033 551 492 485 485	+2							
Aeroflex	0.20 14 472 85 872 872 872	+2							
AeroNet	8 182 11 104 104 104 104	-1							
AeroMoto	76 2562 202 202 202 202	+2							
AeroSh	75 701 715 715 715 715	-1							
AeroTaxis	52 1929 155 142 142 142	-2							
Aerotech	0.72 15 3158 335 335 335 335	-1							
Aerotech	817 42 35 35 35 35	-1							
Aerotech	2.00 9 10 294 292 292 292	+1							
Aerotech	10 5341 201 184 184 184 184	+2							
Aerotech Inc	221969 551 551 551 551 551	+2							
Aerotech Op	58 44 4 45 4 45	-1							
Aerotech x	0.20 22 14 343 34 343 343	+2							
Analytic	0.36 81 80 33 32 32 32	+2							
Analogix	2.00 11 75 72 61 61 61	-1							
Analyst	2511911 303 295 303 303 303	+1							
Analyst	0.18 21 1548 212 21 21 21	-1							
Analyst	3030255771 765 775 775 775	+1							
Analyst	1657 155 173 173 173 173	-1							
Analyst	0.07 20 1312 264 264 264 264	-1							
Analyst	0.24 24 1957 200 184 184 184	-1							
Analyst	0.24 15 10 104 102 102 102	-1							
Analyst	1.84 184 30 293 30 30 30	-1							
AnalystDel	1165 855 0 85 85 85	-1							
AnalystIn	0.44 10 22 172 172 172 172	-1							
Analyst	529 25 25 25 25 25	-1							
AccessCom	4820194 514 482 482 482	-1							
AspectTel	27 859 233 224 224 224	-2							
AST Parch	1180 54 54 54 54 54	-1							
Akamai	2.00 15 200 655 655 655 655	-1							
Akamai	14 9299 28 27 27 27 27	+2							
Akamai	1739 135 175 175 175 175	-1							
Akamai	0.24 232 393 383 383 383	-1							
Akamai	150 24 24 24 24 24	-1							
Akamai	6 1037 224 217 217 22 22	+2							
- B -									
BEI H	0.88 93 265 114 114 114 114	-1							
Beller J	0.08 333 65 8 8 8	-1							
Bellord D	0.40 12 32 285 285 285 285	+2							
BellTF	110 911 85 85 85 85	-1							
Bencor	14 161 27 265 265 265 265	-1							
BentleyCo	0.64 14 948 264 264 264 264	-1							
BentleyCo	1.18 15 882 0463 453 453 453	+4							
BentleyOp	0.48 10 66 285 284 284 284	-1							
BentleyOp	15 30 40 40 40 40	-1							
BentleyF	0.80 24 542 242 242 242 242	-1							
BentleyF	0.32 29 111 27 265 265 265	+2							
BE Aero	34 2881 3034 323 323 323	-1							
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BentleyOp	0.04 16 125 263 272 272 272	-1							
BentleyOp	11 35 133 124 124 124	-1							
BentleyOp	670 43 43 43 43 43	-1							
BentleyOp	25 681 203 203 203 203	+2							
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BentleyOp	0.07 27 254 374 355 375 375	+2							
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EASDAG

Company	Mid price on day	Change on day	Volume	High	Low	Company	Mid price on day	Change on day	Volume	High	Low
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ActivCard	US\$3.25	-0.375	32000	825	3.25	Lemur & Heusde	US\$29	-0.375	3110	29.25	25
Armark Systems	US\$18.25		8811	11 125	95	Micar Int'l	US\$3	-0.25	0	11.75	2.25
Chesapeake	FF15	0	10	14		NTL	US\$25	-0.125	10000	25	24.05
Dr. Scholl's ADS	US\$25.875	-0.625	5100	26.75	10.875	PoTech	US\$30.875	0	0	0.125	3.00
Eastel Telecom ADS	US\$8	0	12.25	5.375		Schoeller-Bleckmann	Sc-572	-1	2350	125	90
Invergordon	US\$11.375		17215	12.75	10.375						

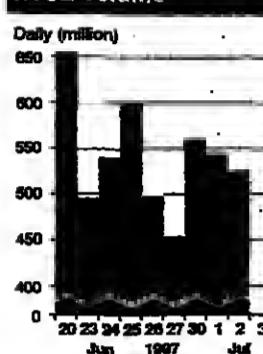
Bid rumours Amsterdam climbs 2.1% to peak drive Dow up to record

AMERICAS

Rumours of a possible Citicorp takeover of American Express together with a favourable employment report that set off a storm of buying in the bond market sent Wall Street up to another record close, writes John Labate in New York.

In an abbreviated trading session, the Dow Jones Industrial Average closed up

NYSE volume



100,43 at an all-time high of 7,985.61. The market closed at 1pm, marking the start of the July 4 holiday weekend.

The broader Standard & Poor's 500 index rose 12.24 to 916.32, another record high. Similarly, the Nasdaq Composite climbed 12.00 to a new peak of 1,467.61.

American Express leapt 8% or 8 per cent to \$224 on the rumours that Citicorp might be a predator. Citicorp gained 1% to \$129.

Elsewhere among blue-chip stocks, General Electric gained 1% to \$89.50 and Philip Morris rose 1% to \$145.

Helping to lead the way upwards was Northrop Grumman, rising 21% or more than 23 per cent to \$110 on the release of merger

Poll lifts Mexico City

Election fever and the continued buoyancy on Wall Street helped keep MEXICO CITY strongly on the upside. Dealers said the run of four record closing highs in the past five sessions had built a robust base underneath sentiment.

"The buyers kept coming and lots of them are foreigners," said one broker.

Powered by the strength of its ADIs in New York, Telecom put on 34 cents to 19.88 pesos in active trading at 13,255, up a modest 5.

South Africa ends mixed

Johannesburg had another mixed session with a bounce for golds having negligible impact on the all-share index; it closed off 1.5 at 7,403.2 after a further slide for the broader market.

Dealers said activity was fairly limited ahead of the long weekend in the US, which looked to be keeping a "tight lid" on trading.

There were occasional outbreaks of profit-taking and the industrial index ended 2.7 lower at 8,829.8.

South African Breweries added 50 cents to R140 and among financials Liberty Life jumped R3.75 to R128.

FT/S&P ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 2 1997										TUESDAY JULY 1 1997										— DOLLAR INDEX —					
	US Dollar Index	Day's Change %	Round Sterling Index	Year Index	Local Currency Index	% chg day	Local Div. Yield	US Dollar Index	Round Sterling Index	Year Index	Local Currency Index	% chg day	DM Index	Yen Index	DM Index	Yen Index	DM Index	Yen Index	DM Index	Yen Index	DM Index	Yen Index	DM Index	Yen Index		
Australia (F70)	943.95	0.8	218.88	176.18	215.50	1.0	3.07	241.78	216.00	175.28	213.38	243.69	195.44	201.65	197.85	203.82	197.85	203.82	197.85	203.82	197.85	203.82	197.85	203.82		
Austria (F16)	198.09	1.0	178.92	143.70	180.99	1.0	1.8	196.74	175.82	142.76	177.98	192.82	174.22	180.21	174.22	180.21	174.22	180.21	174.22	180.21	174.22	180.21	174.22	180.21		
Belgium (F90)	255.05	0.5	229.15	184.48	232.28	227.31	1.1	3.01	253.76	226.91	184.14	229.58	224.78	255.67	208.70	211.25	208.70	211.25	208.70	211.25	208.70	211.25	208.70	211.25		
Brazil (S0)	310.83	2.1	279.28	224.80	282.87	516.14	2.1	2.15	304.32	272.11	220.82	275.30	303.18	310.83	170.28	185.07	170.28	185.07	170.28	185.07	170.28	185.07	170.28	185.07	170.28	185.07
Canada (127)	213.49	2.4	191.81	154.40	194.25	212.90	2.2	1.71	208.45	188.98	151.25	188.58	208.38	213.49	154.12	180.31	154.12	180.31	154.12	180.31	154.12	180.31	154.12	180.31	154.12	180.31
Denmark (25)	40.47	-0.4	100.00	84.00	101.00	98.00	0.4	1.44	101.18	98.00	84.00	101.00	102.97	100.00	84.00	98.00	84.00	98.00	84.00	98.00	84.00	98.00	84.00	98.00		
Finland (F10)	285.00	0.1	266.89	206.00	250.09	312.92	0.5	1.78	289.00	265.76	207.55	288.77	288.77	288.77	193.00	204.97	193.00	204.97	193.00	204.97	193.00	204.97	193.00	204.97	193.00	204.97
France (F40)	233.08	-1.6	203.95	180.01	212.74	216.28	-1.0	2.42	237.90	212.36	172.33	214.98	214.98	214.98	165.94	198.14	165.94	198.14	165.94	198.14	165.94	198.14	165.94	198.14	165.94	198.14
Germany (G98)	219.20	0.2	196.94	155.84	188.65	195.55	0.8	1.42	218.68	195.53	155.97	195.73	197.85	197.85	168.70	172.17	168.70	172.17	168.70	172.17	168.70	172.17	168.70	172.17	168.70	172.17
Hong Kong (H65)	538.63	0.1	484.83	380.28	481.26	538.74	0.1	2.82	539.30	482.21	391.32	487.58	536.29	536.85	407.55	488.09	536.29	536.85	407.55	488.09	536.29	536.85	407.55	488.09	536.29	536.85
Indonesia (27)	251.19	-0.5	225.68	181.67	228.69	276.15	-0.4	1.73	252.55	225.82	185.25	224.87	237.81	237.81	153.04	215.21	153.04	215.21	153.04	215.21	153.04	215.21	153.04	215.21	153.04	215.21
Ireland (I7)	331.18	-0.4	317.45	241.45	321.53	331.44	0.8	2.84	333.59	310.00	257.24	320.72	328.85	334.64	270.08	288.72	270.08	288.72	270.08	288.72	270.08	288.72	270.08	288.72	270.08	288.72
Italy (F58)	277.00	-0.7	262.00	197.00	272.00	307.00	-0.7	1.22	277.00	269.00	197.00	272.00	281.00	281.00	182.02	293.75	182.02	293.75	182.02	293.75	182.02	293.75	182.02	293.75	182.02	293.75
Japan (F107)	157.42	-0.7	122.47	89.00	126.11	159.39	-0.7	0.79	126.88	122.39	89.00	126.88	127.77	127.77	89.00	127.77	89.00	127.77	89.00	127.77	89.00	127.77	89.00	127.77	89.00	127.77
Mexico (F21)	1621.08	0.5	1456.43	1172.40	1475.77	1408.63	0.8	1.32	1621.84	1441.83	1176.15	1428.88	1397.70	121.08	1110.36	1210.48	1110.36	1210.48	1110.36	1210.48	1110.36	1210.48	1110.36	1210.48	1110.36	1210.48
Netherlands (F19)	405.73	0.4	364.53	293.44	369.37	384.90	1.0	2.15	404.24	361.45	293.32	365.70	361.38	405.73	279.88	295.77	279.88	295.77	279.88	295.77	279.88	295.77	279.88	295.77	279.88	295.77
New Zealand (14)	84.72	0.0	85.10	68.50	88.23	74.15	0.1	3.92	84.69	84.67	68.71	74.05	75.80	75.80	68.71	74.05	68.71	74.05	68.71	74.05	68.71	74.05	68.71	74.05	68.71	74.05
Norway (41)	318.82	0.8	288.44	230.58	290.24	317.18	-1.8	0.85	318.91	283.37	228.85	314.21	321.23													